SBR Working Group

- Frans Hietbrink
- Netherlands Tax and Customs Administration
- Member of XBRL NL
- Chair of SBR WG of XBRL Europe

Agenda

- Introduction
- Developing an ecosystem of taxonomies
- Implementation of Assurance and Audit Report regarding digital data
- Harmonization of XBRL taxonomy architectures
- Role of Audit Files regarding transactional data

XBRL EUROPE

Part of the XBRL International Consortium.

W. GROUPS | TASK FORCES | WEBLINKS

Standard Business Reporting Working Group

Welcome on the SBR WG webpage!

The **XBRL Europe SBR Working Group** will identify and provide guidance on best practices regarding the implementation of Standard Business Reporting. The overall focus of the group will be to educate those involved in the business reporting supply chain on the benefits of SBR, how it works and how to implement it.

The XBRL Europe Standard Business Reporting Working Group aims to connect everyone in Europe working on the electronic filing, exchange, publishing and analysis of legal, financial and economical data of companies, for which XBRL is a relevant standard.

Our main activities are:

- We hold a monthly meeting – see the News & Minutes section for more info.
- We contribute to XBRL Europe efforts for promoting XBRL in Europe (during conferences of by prepararing written answers to public consultations) – see the Publications section for more info.

For more information or if you want to participate to our Working Group, feel free to contact the WG Chair (Frans Hietbrink).

Please refer to the 2017 SBR WG charter (uploaded 2017/02).

Our activities are based upon the Workplan 2018.

On February 7th we will discuss 4 topics in Rome during a meeting from 14.00-16.00.

Mail your questions and your answers to:

Presentation

Working Groups

- IFRS Securities and Market Working Group
- Standard Business Reporting Working Group
  - SBR News & Minutes
  - SBR Publications
- Business Registers Networking Group
- Bank and Insurance Working Group

Top News

22nd XBRL Europe Day – Registration is closed
Posted on 5 décembre 2018

ESEF Delegated Act published by EU Commission 17 December 2018
Posted on 12 novembre 2018

News from France
Posted on 8 novembre 2018

News from UK
Posted on 8 novembre 2018

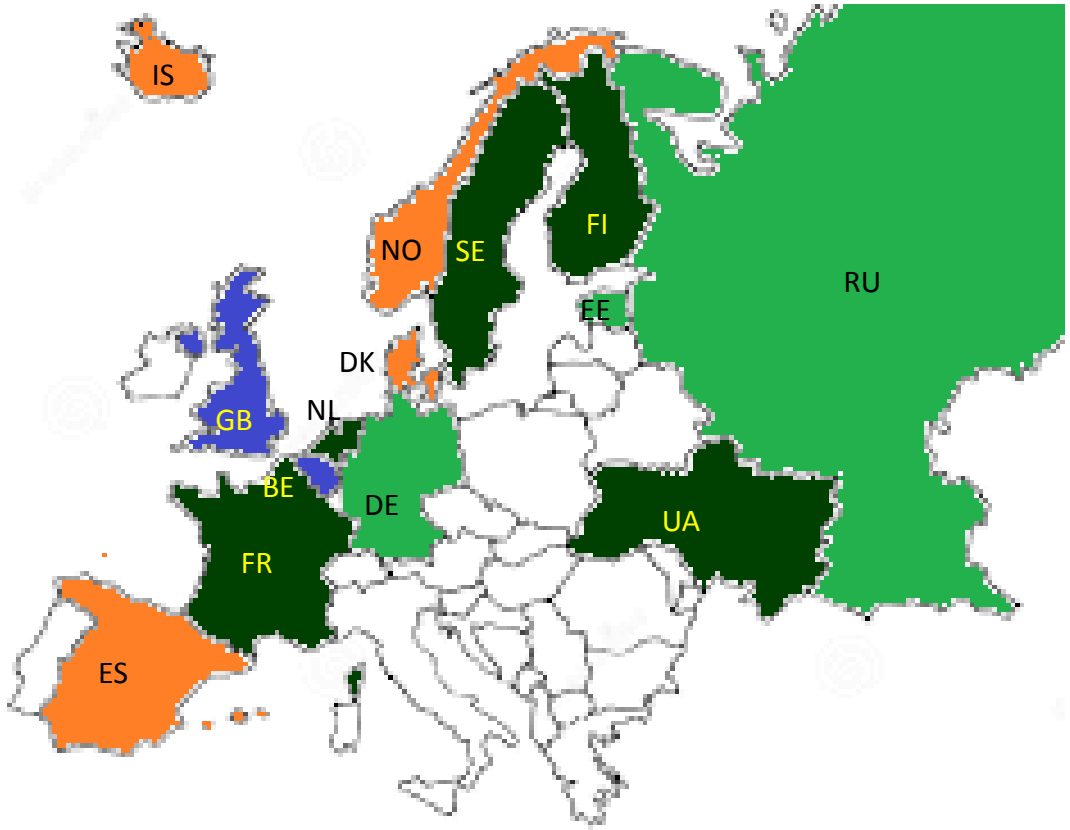
Introduction of SBR Working Group

- collecting information: survey, interviews
- preparing issue papers
- preparing (interim) report

Survey

Survey on Standard Business Reporting (SBR) version: april 2018

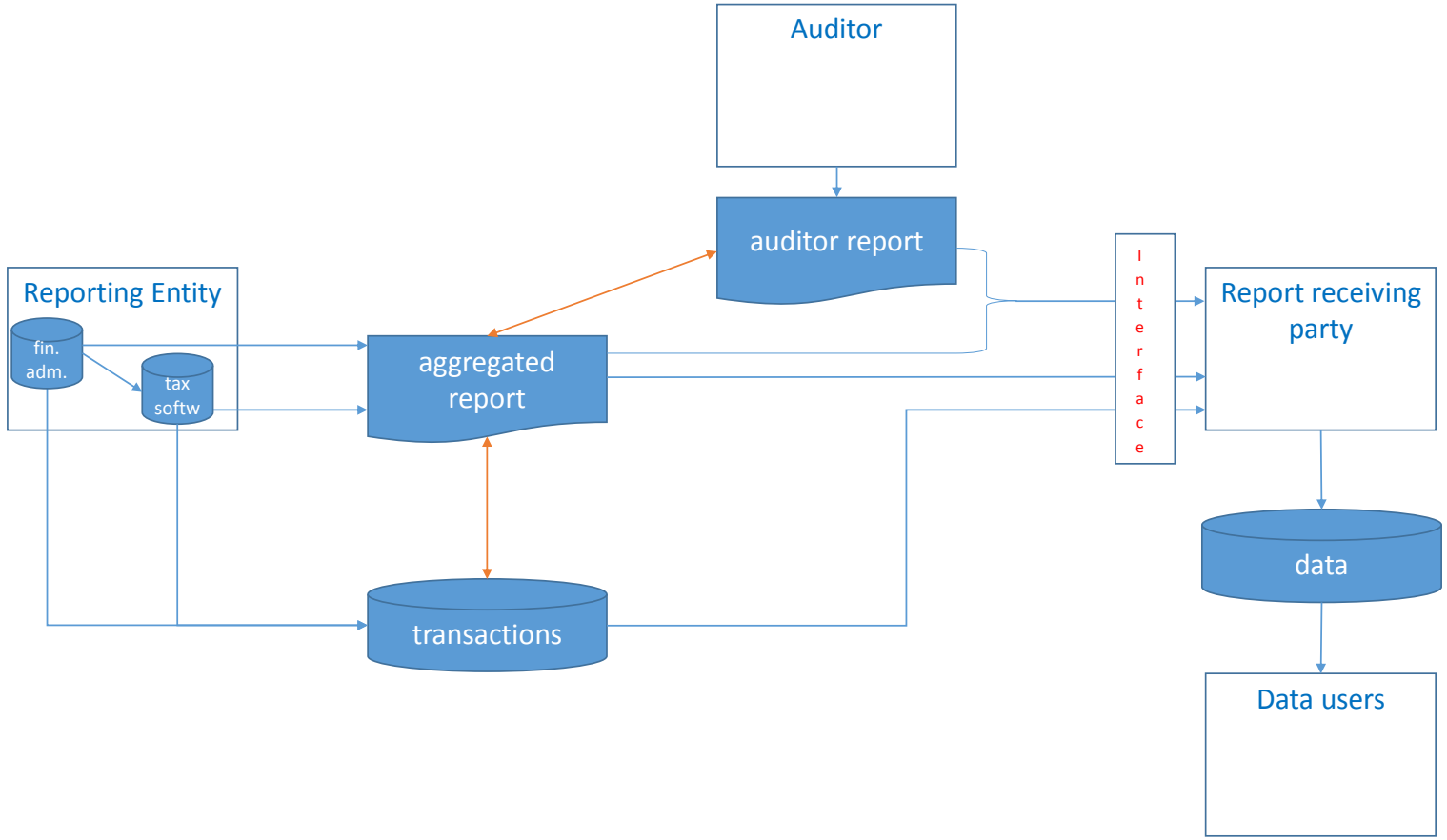
response received;	cross domain approach: YES, update 2018
response received;	cross domain approach: YES, response 2017
response received;	cross domain approach: NO, response 2018
response received;	cross domain approach: NO, response 2017
personal link sent;	no response received yet



Enriching information: Issue Papers

- Assurance
- Audit Files
- Chart of Accounts
- Entity Identifier
- Interface Technologies

- Usage of data



Interim Report

Conclusions

- growing willingness to work together within a domain and between domains
- interpretation of “cross domain” varies per country
- cross-domain approach takes time
- cross domain approach can be hindered by a lack of harmonization of data definitions
- cross domain approach can be hindered by the law of the handicap of a head start (dialectics of lead)

Interpretation of “cross-domain approach”

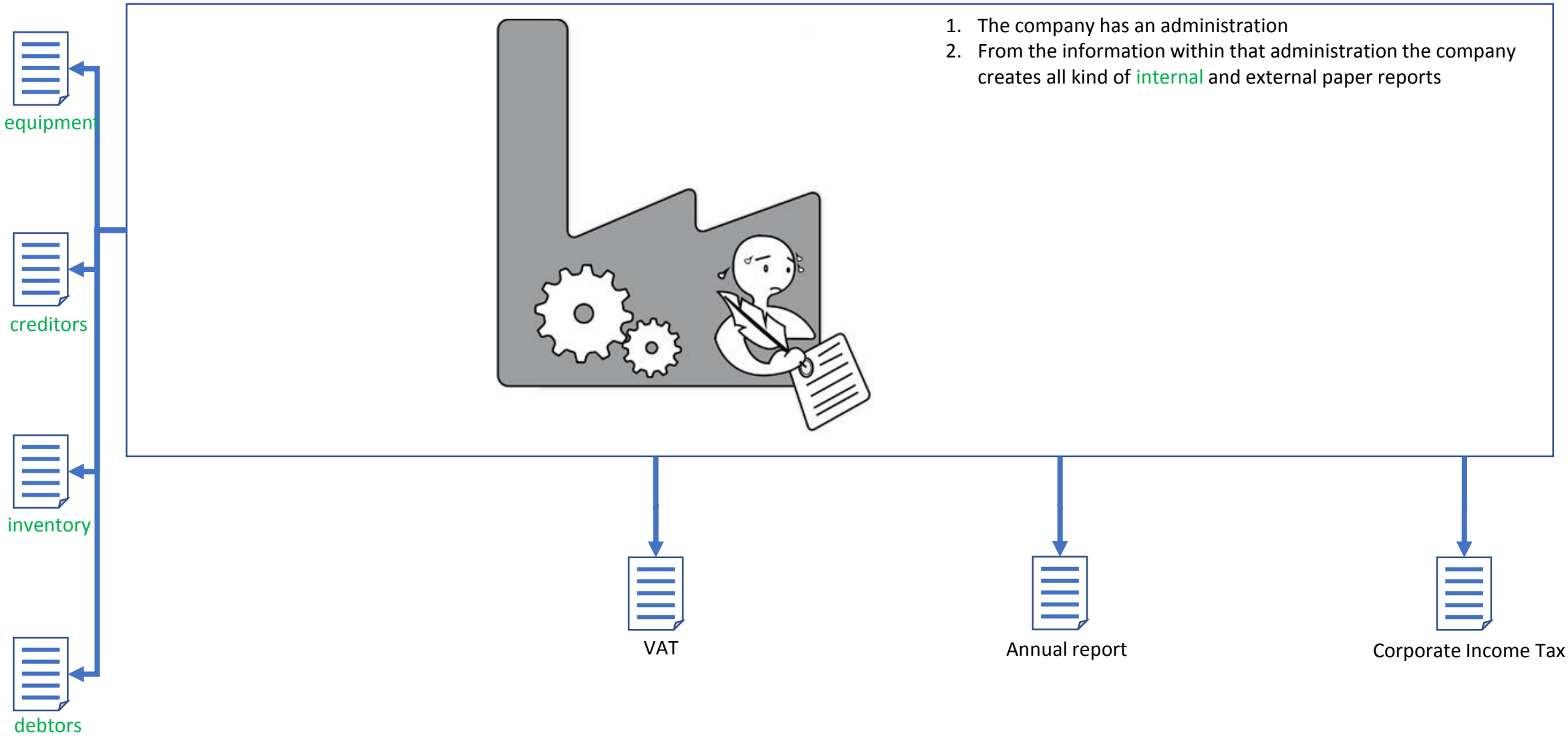
	Belgium	Estonia	Finland	France	Germany	Netherlands	Russia	Sweden	United Kingdom	Ukraine
Tax	yes	yes	yes	yes	no	yes	no	yes	no	no
Annual Accounts	yes	yes	yes	no	yes	yes	no	yes	no	yes
Statistics	no	yes	yes	no	no	yes	yes	yes	no	no
EBA	yes	yes	no	yes	yes	no	yes	yes	no	no
EIOPA	yes	no	no	yes	yes	no	yes	yes	no	no

- Finland and Netherlands:
  - all countries have to comply to EBA and EIOPA
  - FI and NL do not include those reports in their cross-domain approach
- France:
  - tax-reporting in EDI and EBA/EIOPA in XBRL
- Sweden:
  - all reports in their approach regarding taxonomies, not regarding other aspects

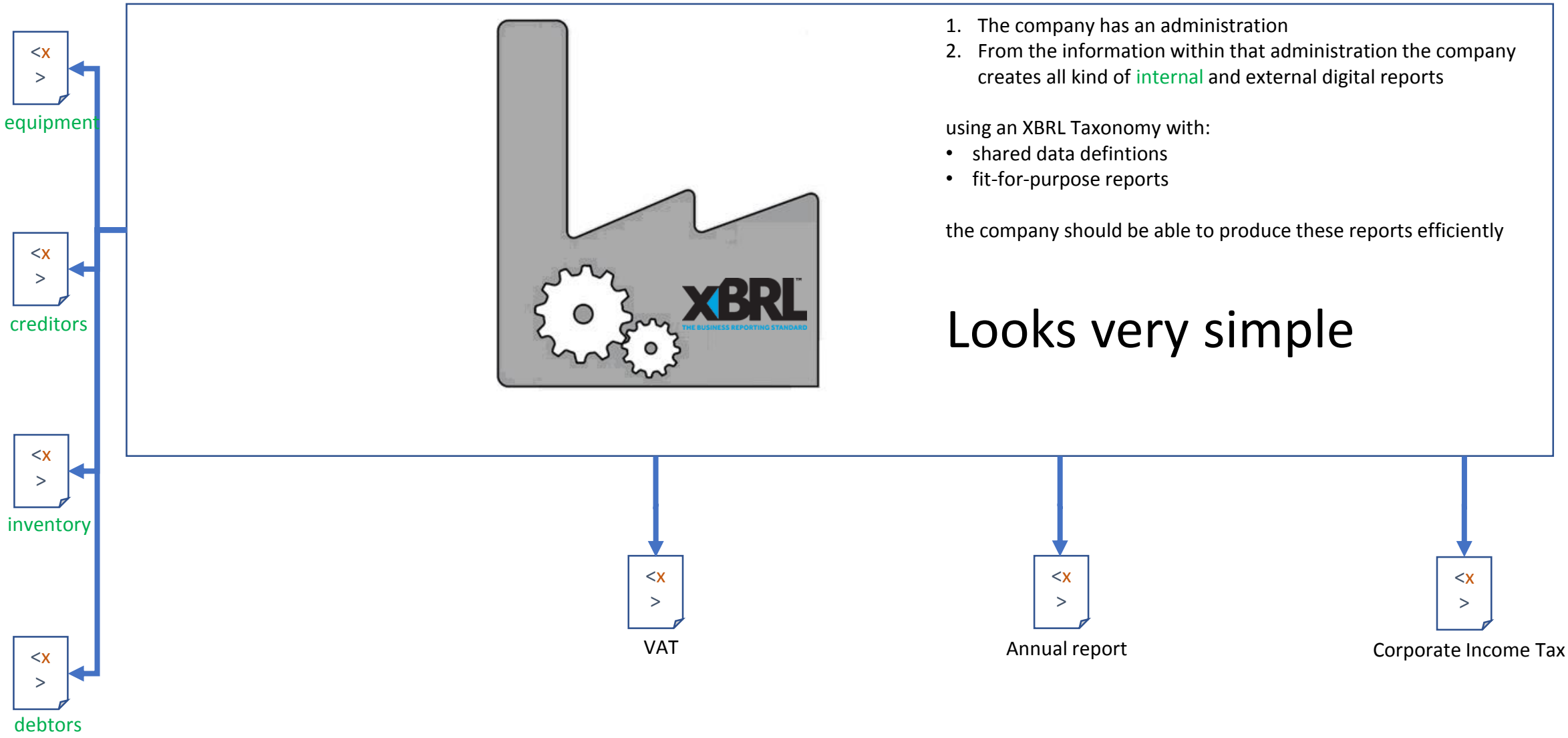
Developing an ecosystem of taxonomies

- Evolution
  - from:
    - company with paper reporting
  - to:
    - company with digital reporting (simplified view)
    - company with digital reporting (realistic view)
  - steps:
    - digital tax reporting
    - digital tax and annual reporting
    - digital tax and annual and all other kind of internal and external reporting
  - and then we need an extra (new kind of) report

Company with paper reporting



Company with digital reporting



1. The company has an administration
2. From the information within that administration the company creates all kind of internal and external digital reports

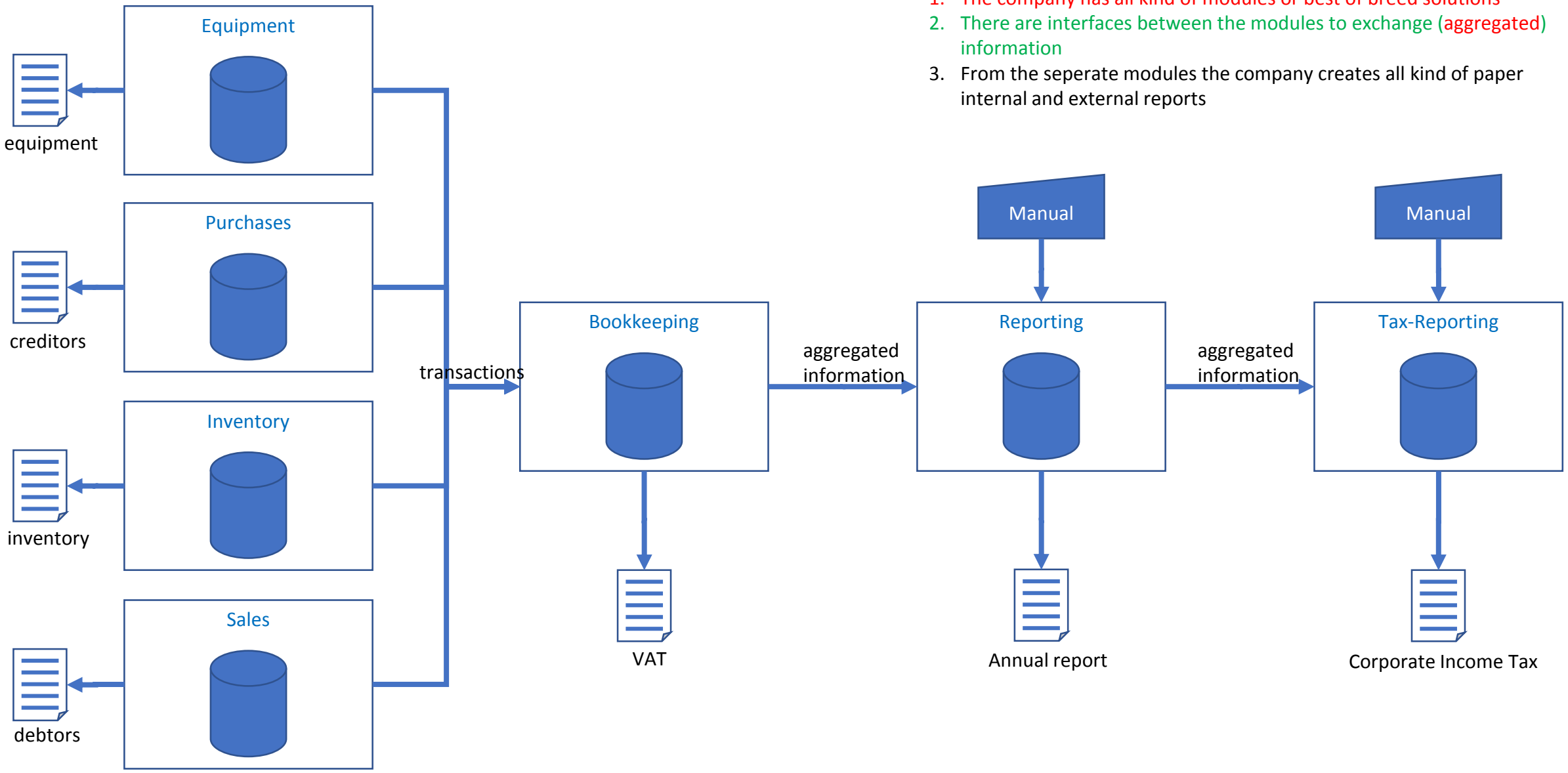
using an XBRL Taxonomy with:
- shared data defintions
- fit-for-purpose reports

the company should be able to produce these reports efficiently

Looks very simple

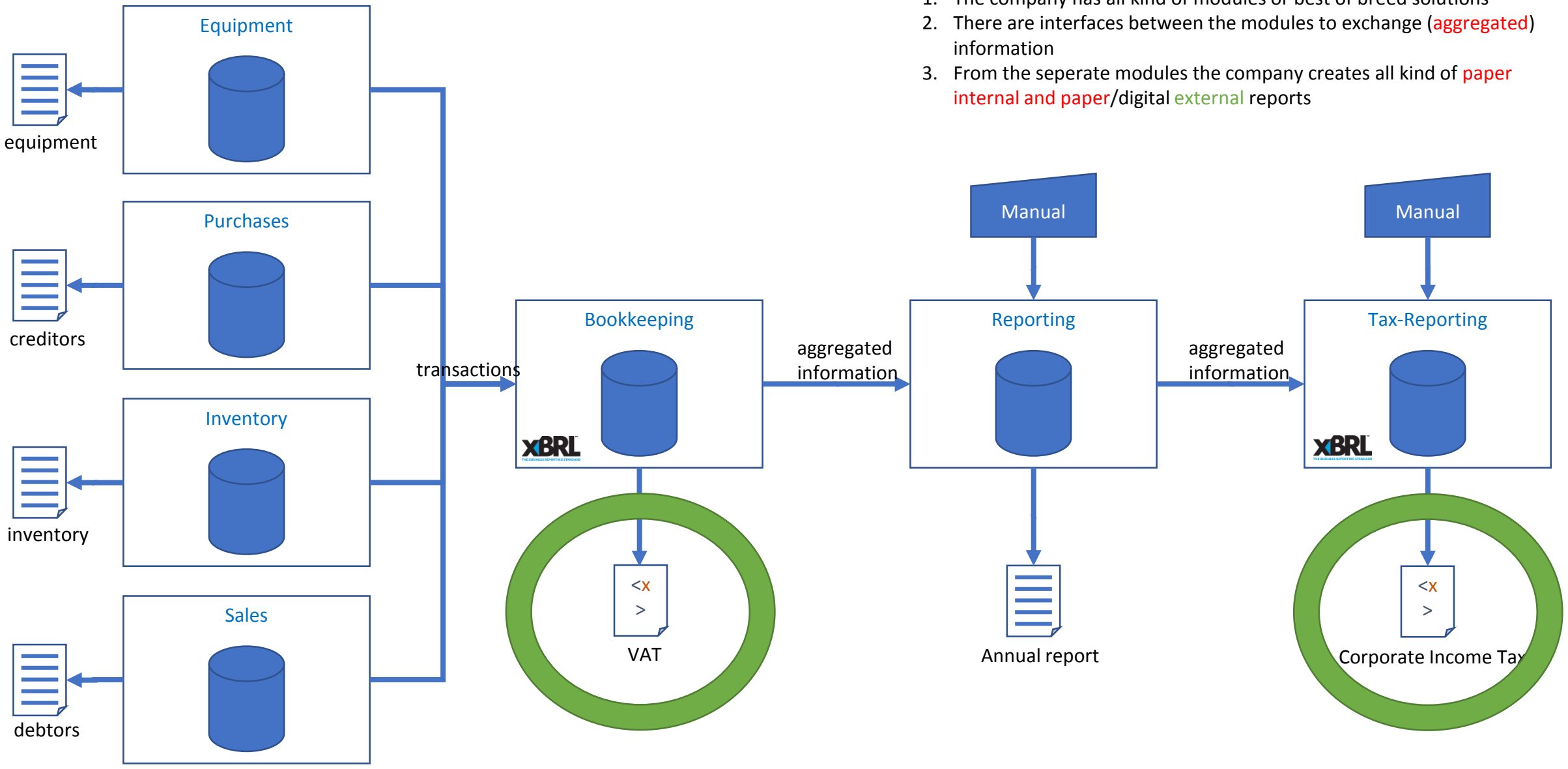
Digital world with paper reporting

1. The company has all kind of modules or best of breed solutions
2. There are interfaces between the modules to exchange (aggregated) information
3. From the seperate modules the company creates all kind of paper internal and external reports



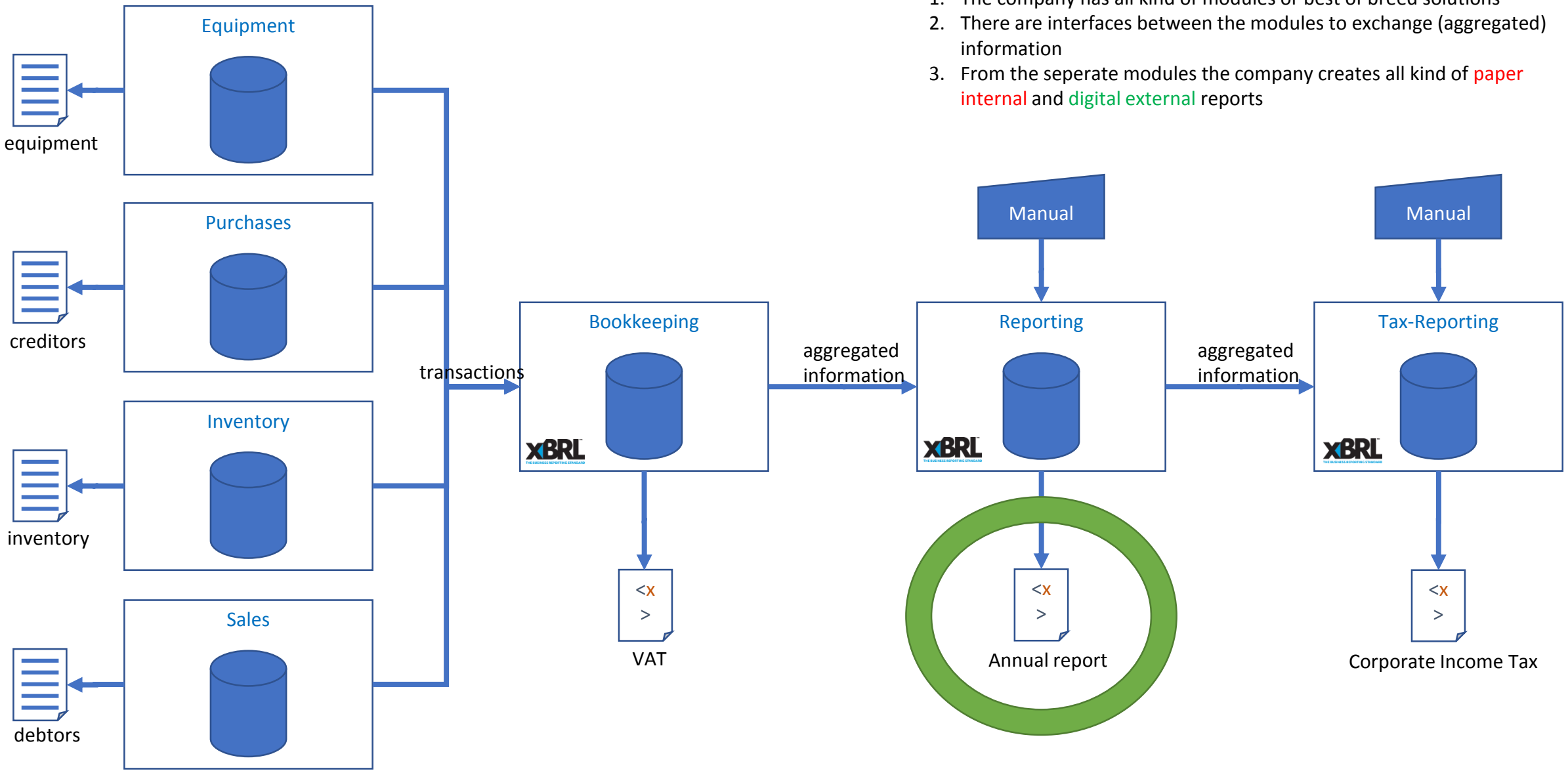
Digital world with digital Tax Reporting

1. The company has all kind of modules or best of breed solutions
2. There are interfaces between the modules to exchange (aggregated) information
3. From the seperate modules the company creates all kind of paper internal and paper/digital external reports



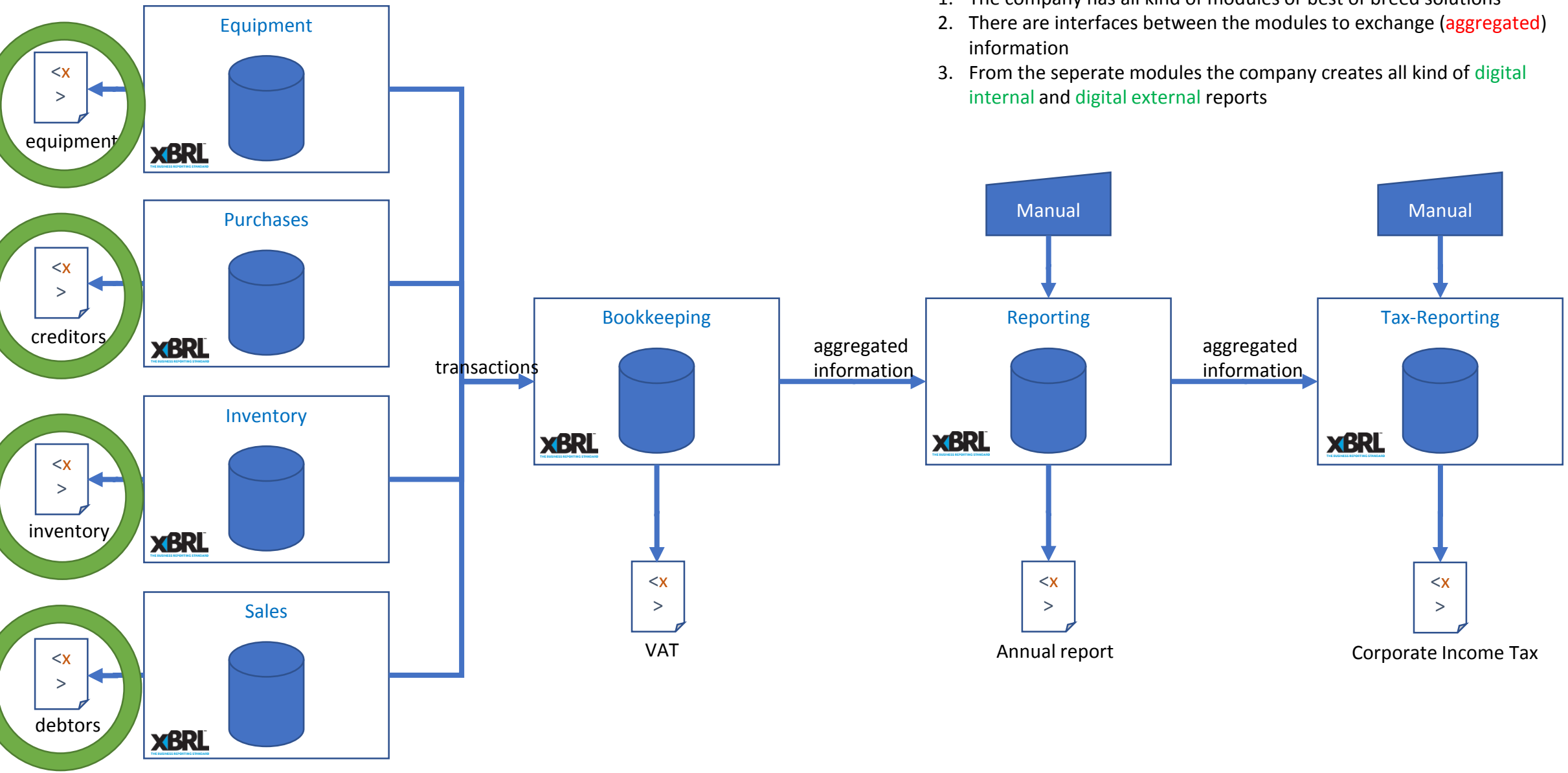
Digital world with digital Tax and Annual Reporting

1. The company has all kind of modules or best of breed solutions
2. There are interfaces between the modules to exchange (aggregated) information
3. From the seperate modules the company creates all kind of paper internal and digital external reports



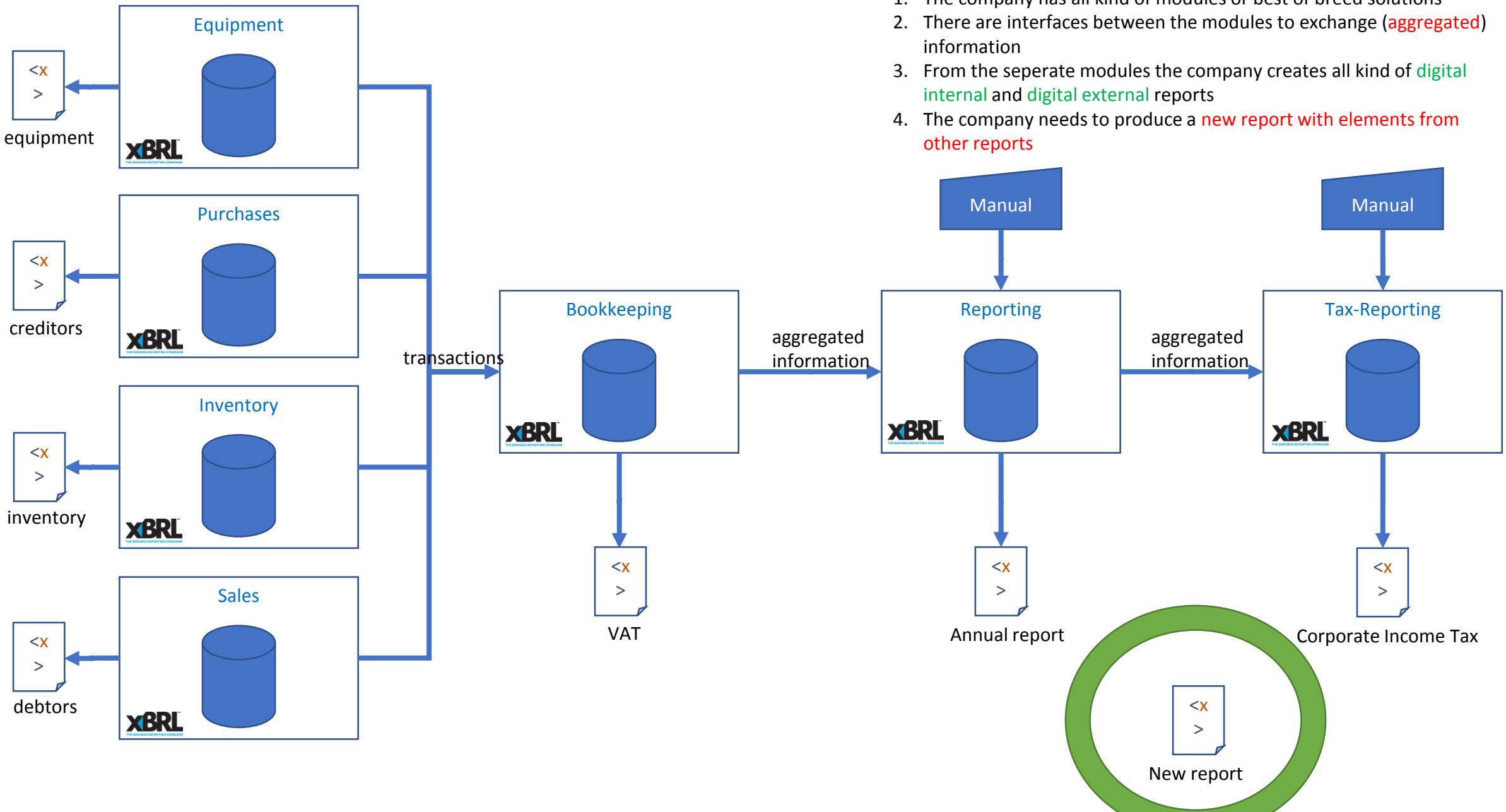
Digital world with digital reporting for all

1. The company has all kind of modules or best of breed solutions
2. There are interfaces between the modules to exchange (aggregated) information
3. From the seperate modules the company creates all kind of digital internal and digital external reports



Digital world with digital reporting for all: new report

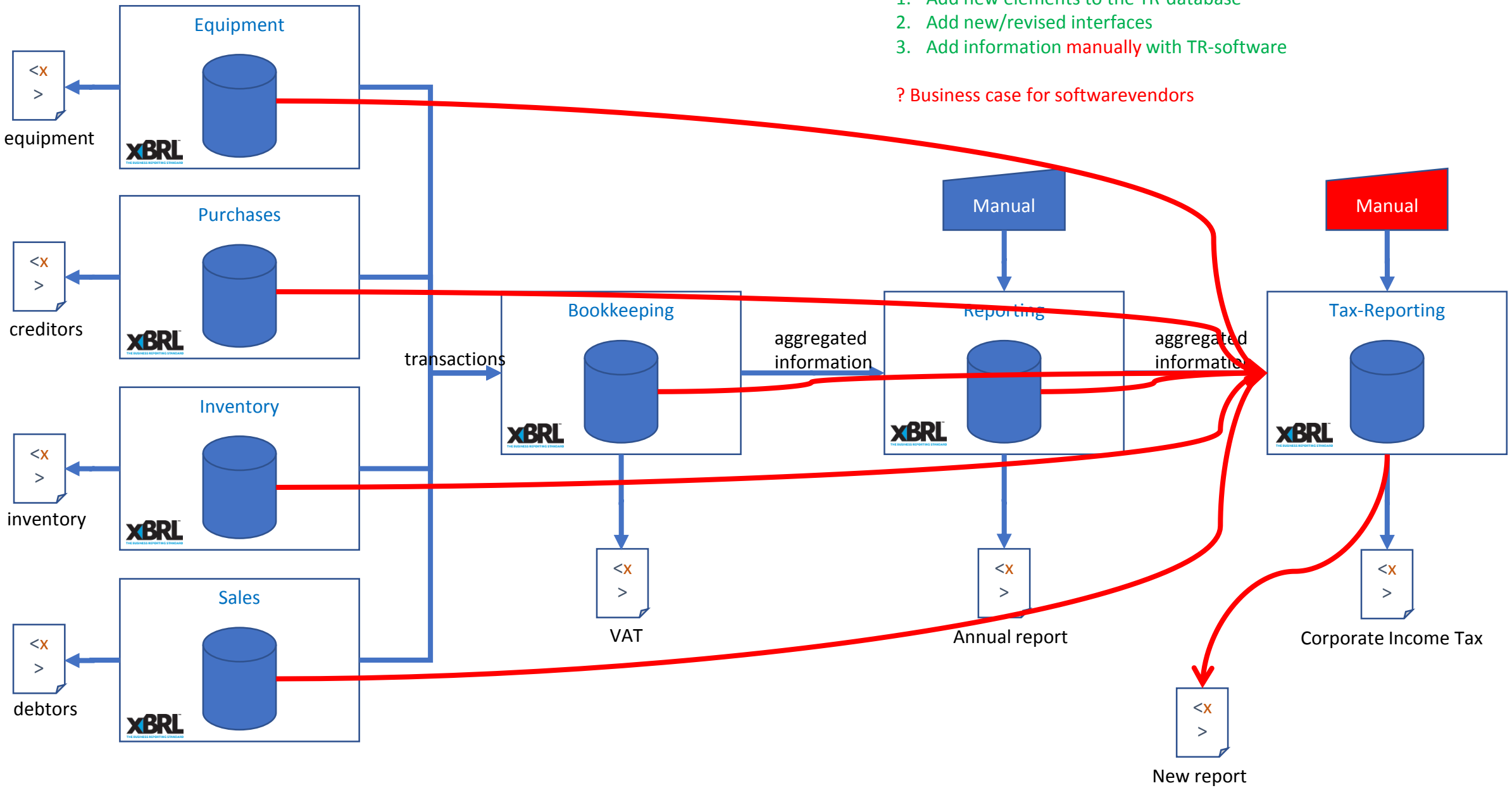
1. The company has all kind of modules or best of breed solutions
2. There are interfaces between the modules to exchange (aggregated) information
3. From the seperate modules the company creates all kind of digital internal and digital external reports
4. The company needs to produce a new report with elements from other reports



Solution 1: CIT as base-report

1. Add new elements to the TR-database
2. Add new/revised interfaces
3. Add information manually with TR-software

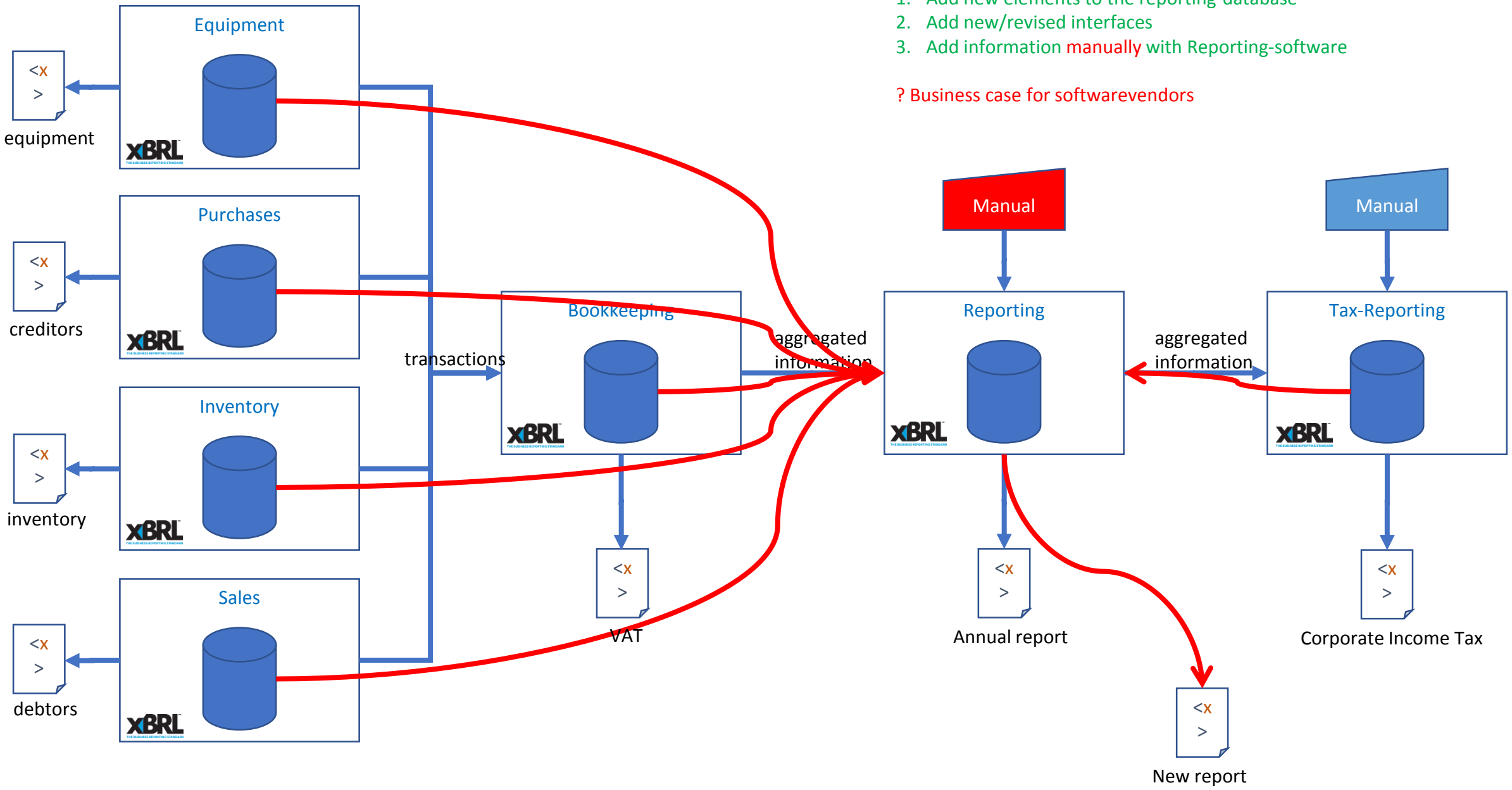
? Business case for softwarevendors



Solution 2: Annual Report as base-report

1. Add new elements to the reporting-database
2. Add new/revised interfaces
3. Add information manually with Reporting-software

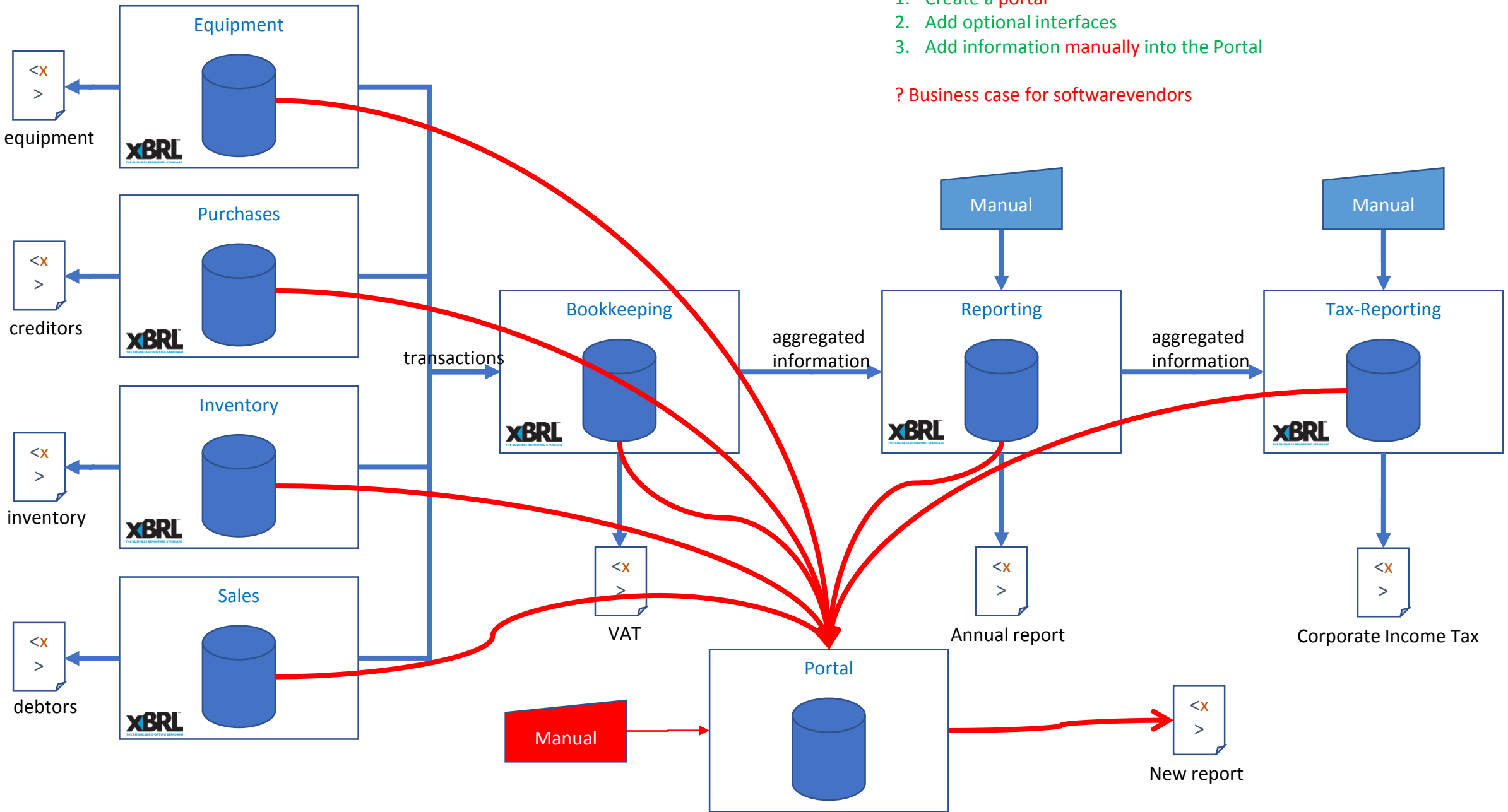
? Business case for softwarevendors



Solution 3: Portal from supervisor

1. Create a portal
2. Add optional interfaces
3. Add information manually into the Portal

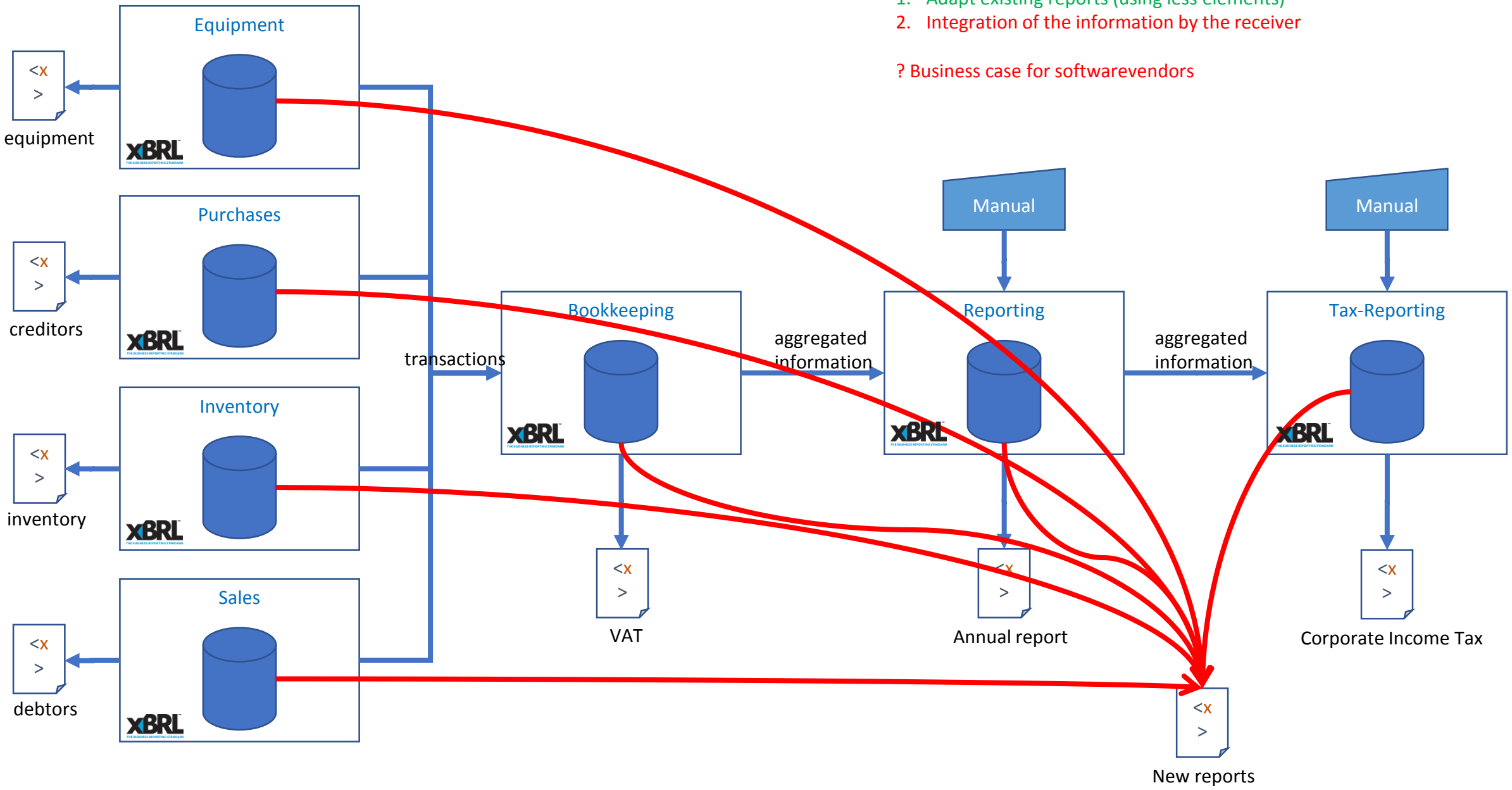
? Business case for softwarevendors



Solution 4: No “New report” but “New reports”

1. Adapt existing reports (using less elements)
2. Integration of the information by the receiver

? Business case for softwarevendors



Conclusion

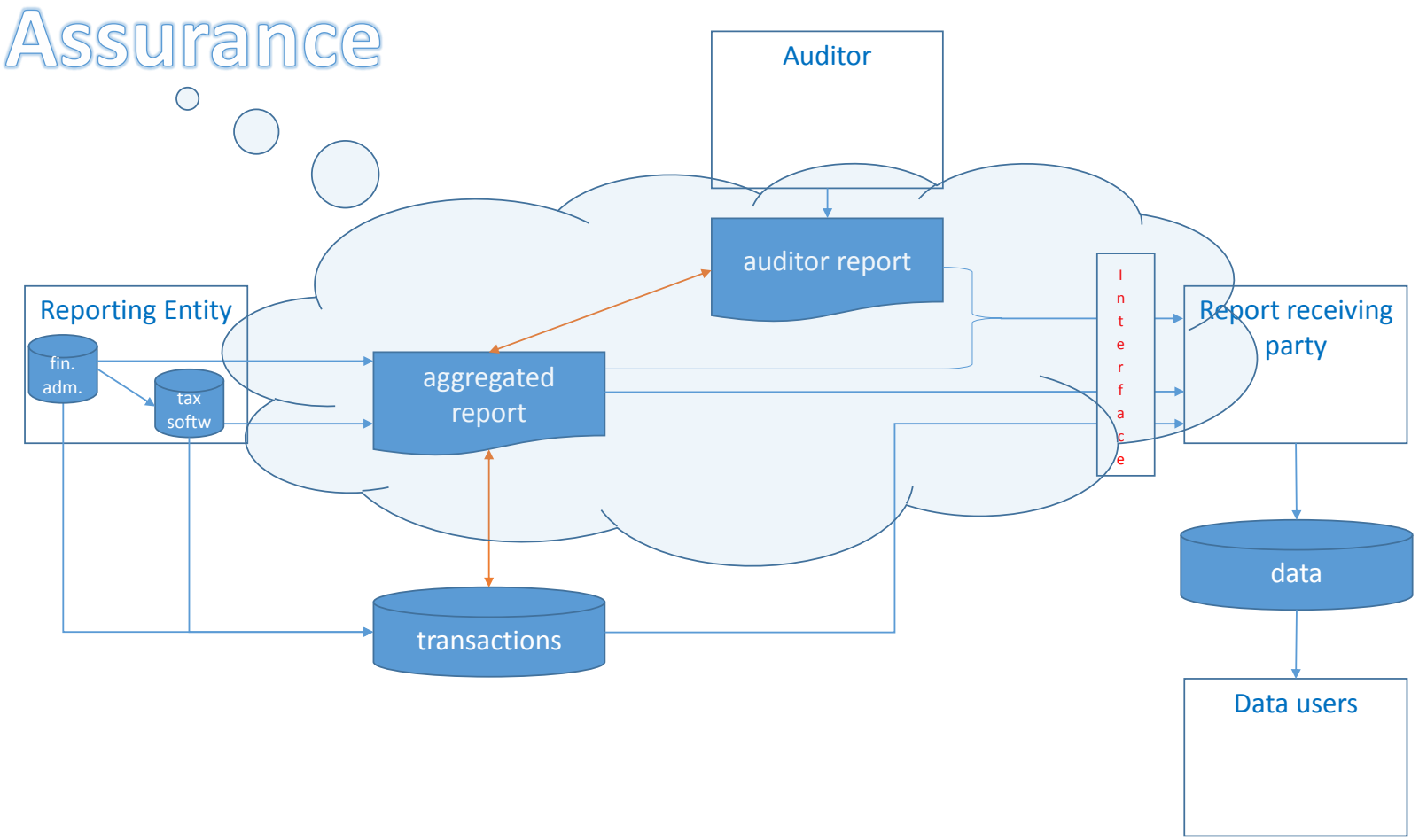
- Is the thought of “seperate reports” new?
  - no: Tax administrations receive different reports for CIT, VAT, Wage Tax etc
- Is this thought a solution for all chains?
  - no:
    - not if the receiver needs to get an integrated report, with integrated assurance
    - like business registers (annual accounts)
  - yes:
    - if the receiver is able to process or integrate the information
    - like
      - banks (credit revisioning)
      - supervisor of educational/building/healthcare institutions
      - central bureau of statistics

Topics for discussion

- Is there overlap in your country between reports which have to be send to multiple parties?

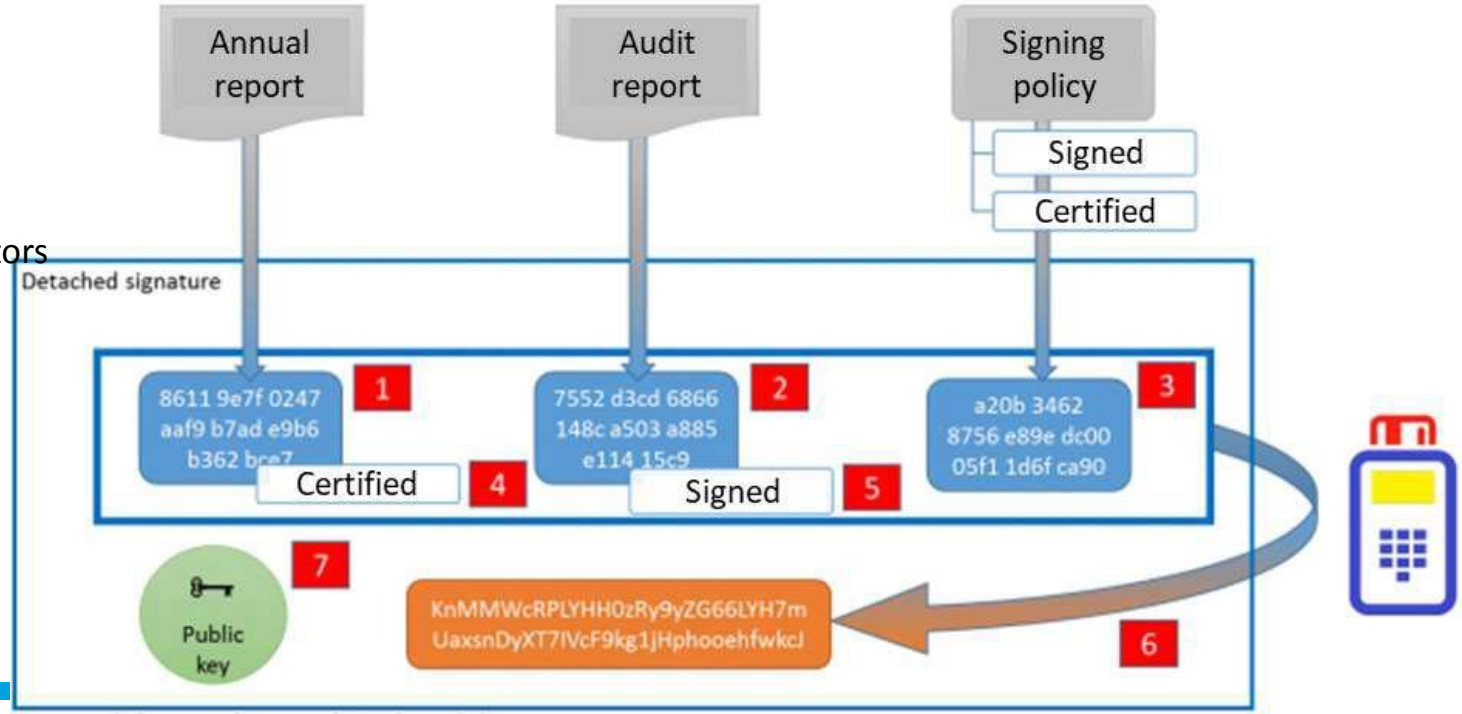
- Is there (some) coördination in the development of those reports (and underlying data definitions?
  - coördination between the receiving parties
  - coördination between receiving parties, softwaredevelopers and reporting companies

Issue paper: Assurance



Implementation of Assurance and Audit

- The filing and assurance process is performed in :
  - Estonia
    - by the company and the auditor
    - within the portal
  - Finland
    - design phase
  - France
    - no digital filing of annual reports
  - Netherlands
    - by the company and the auditor
    - before filing the linked report and the auditors statement
  - Sweden
    - design phase
  - Ukraïne
    - design phase (consistent with NL)



Topics for discussion

- What kind of system is used in your country
  - paper annual report + paper audit report
  - paper annual report + paper audit report + digital annual report
  - digital annual report + digital audit report: linked by the government
  - digital annual report + digital audit report: linked by the filer
- What kind of system do we want from ESMA/ESEF?

Harmonization of XBRL

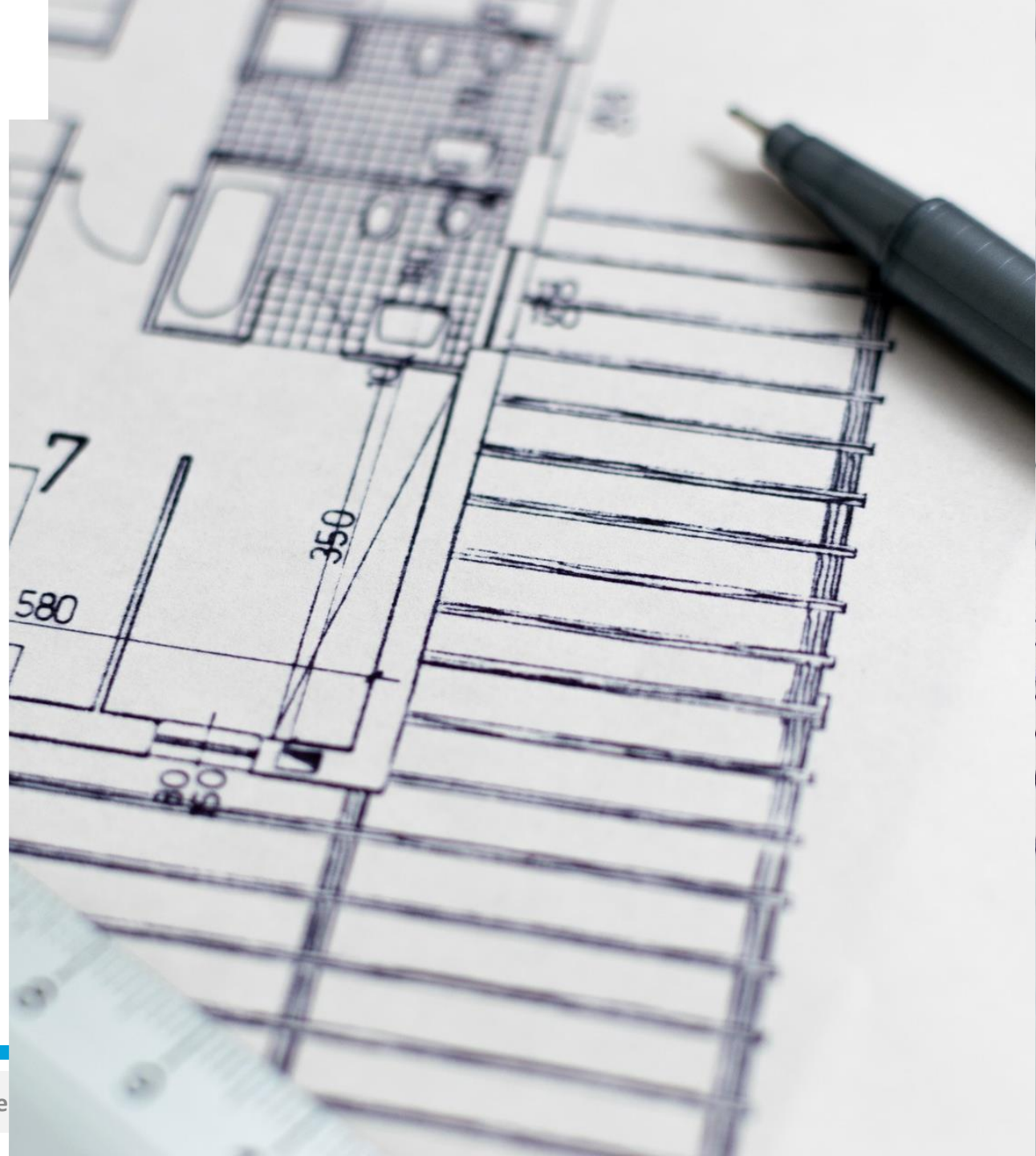
- Why do we use architectures
  - to standardize the application of the international standard when designing taxonomies (data models and reports)
  - because the XBRL standard is flexible, allowing a wide range of architectures

Harmonization of XBRL

- Why do we need architectures
  - for taxonomy-builders to be able to re-use other taxonomies efficiently
  - for software-devopers to be able to re-use software-designs efficiently
  - for companies to be able to comply to theut obligations easy and efficiently
- Taxonomy architecture should follow data modelling challenges

XBRL standard

- XBRL is flexible: tuples, dimensions, tables, generic linkbase, etc.
- Taxonomy builders (e.g. regulators) restrict design choices to develop consistent taxonomies, based on modelling needs
- Software developers adapt to architectures



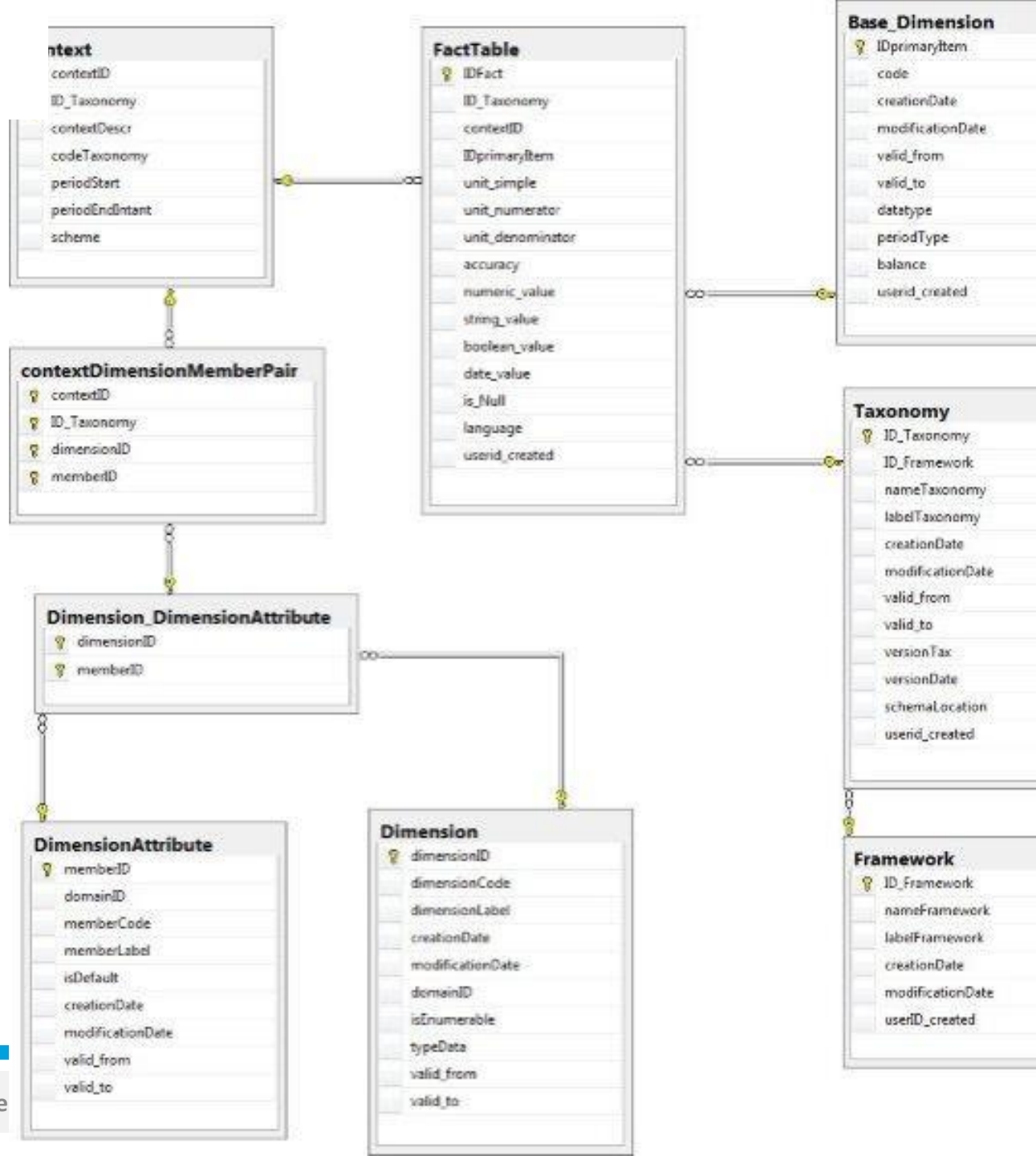
Current status

- XBRL projects around the world have experimented and innovated
- Dozens of different XBRL architectures and extensions to the XBRL standard
- XBRL software not always compatible*

* see next slide

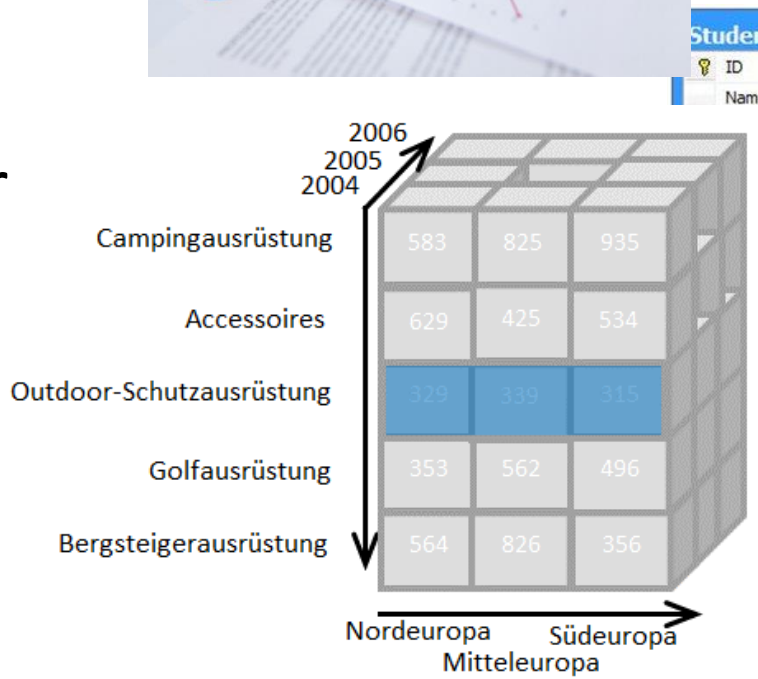
Compatibility issues

- Typical generic XBRL software, libraries and API's should be able to read any XBRL architecture
- However, as soon as taxonomies are integrated with data sources, workflows, etc., consistency in architecture IS important



Architectures for modelling challenges

- XBRL is flexible to model anything from annual reports, data cubes, one-to-many data to transaction-level data (GL)
- There's no single architecture for all data model types
- Proven and widely-used architectures:
  - Data Point Model: EBA, EIOPA, etc
  - IFRS taxonomy architecture



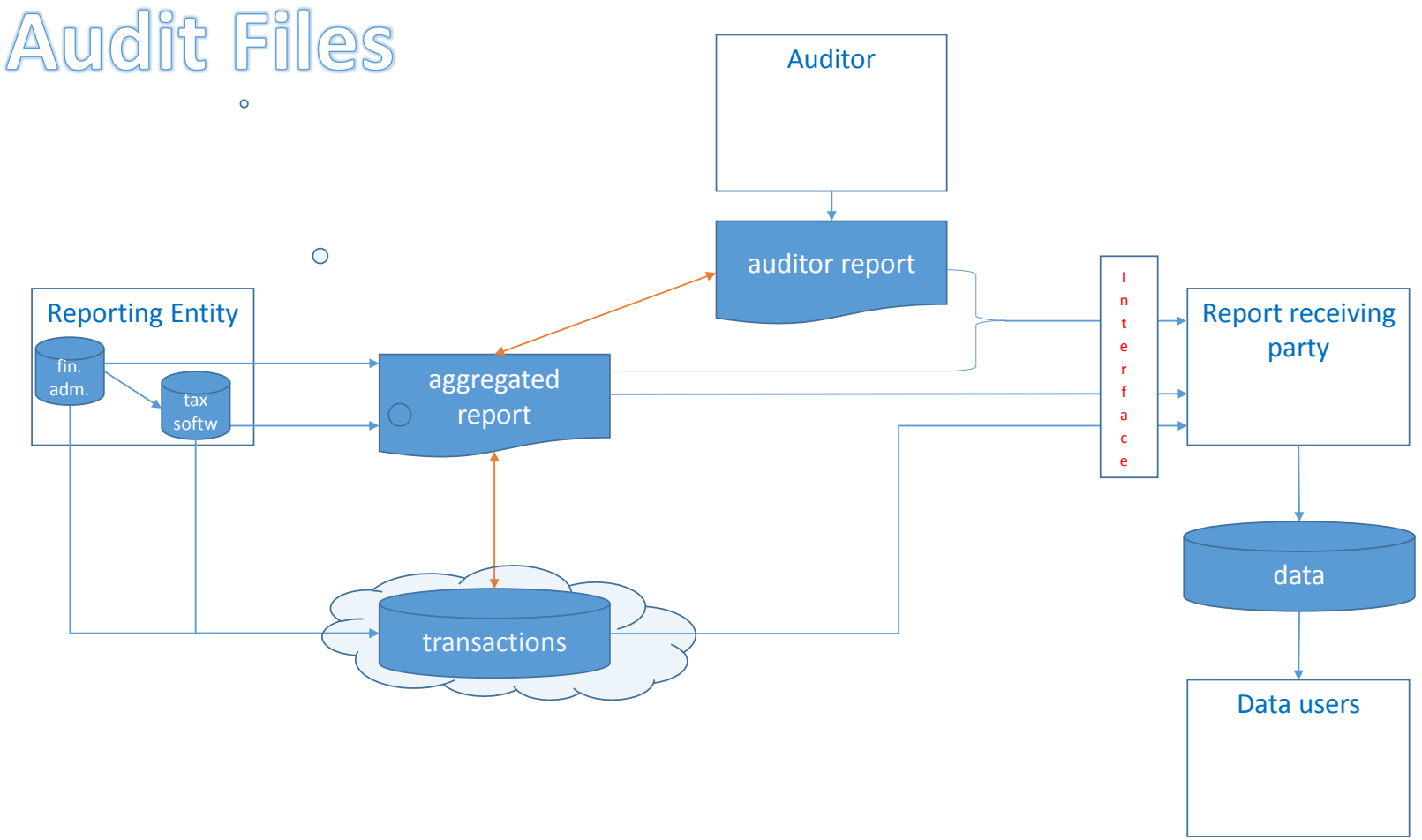
Call for action

- Re-use architecture and patterns
- Contribute to best practices
- Do not re-invent the wheel

Topics for discussion

- Do you use architectures in your country
  - which reports are related to each other using the same architecture
- Do you see the need for international architectures
- Are you willing to join the effort of the Best Practice Board of XBRL II

Issue paper: Audit files



Role of Audit Files regarding transactional data

- OECD
  - SAF-T(ax)
  - XML
- Local
  - Auditfile finacial (XAF) and FEC
- ISO
  - project Audit Data Collection
  - Eric Cohen

Figure 2:Timeline implementation SAF-T based on the OECD schema

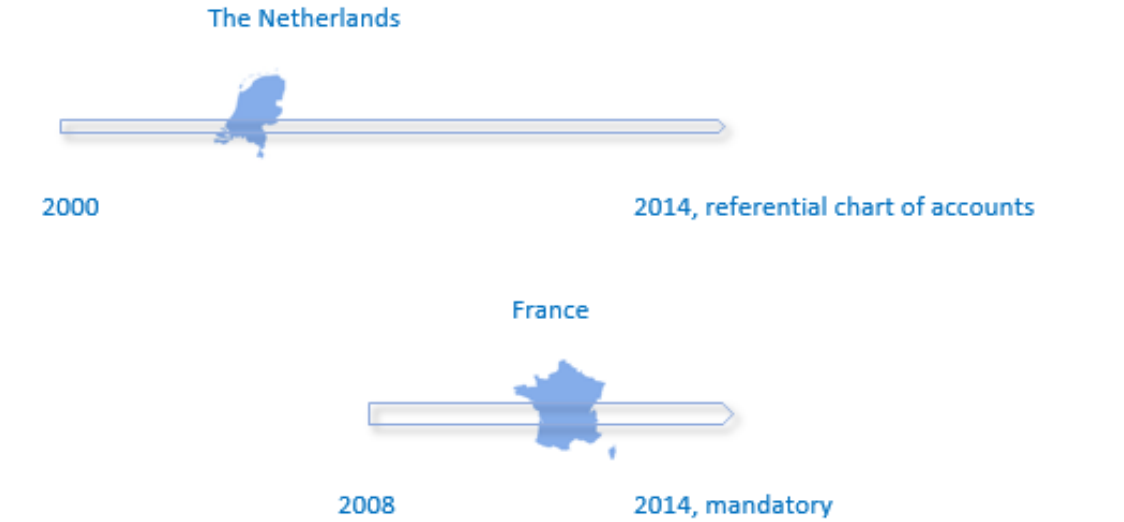
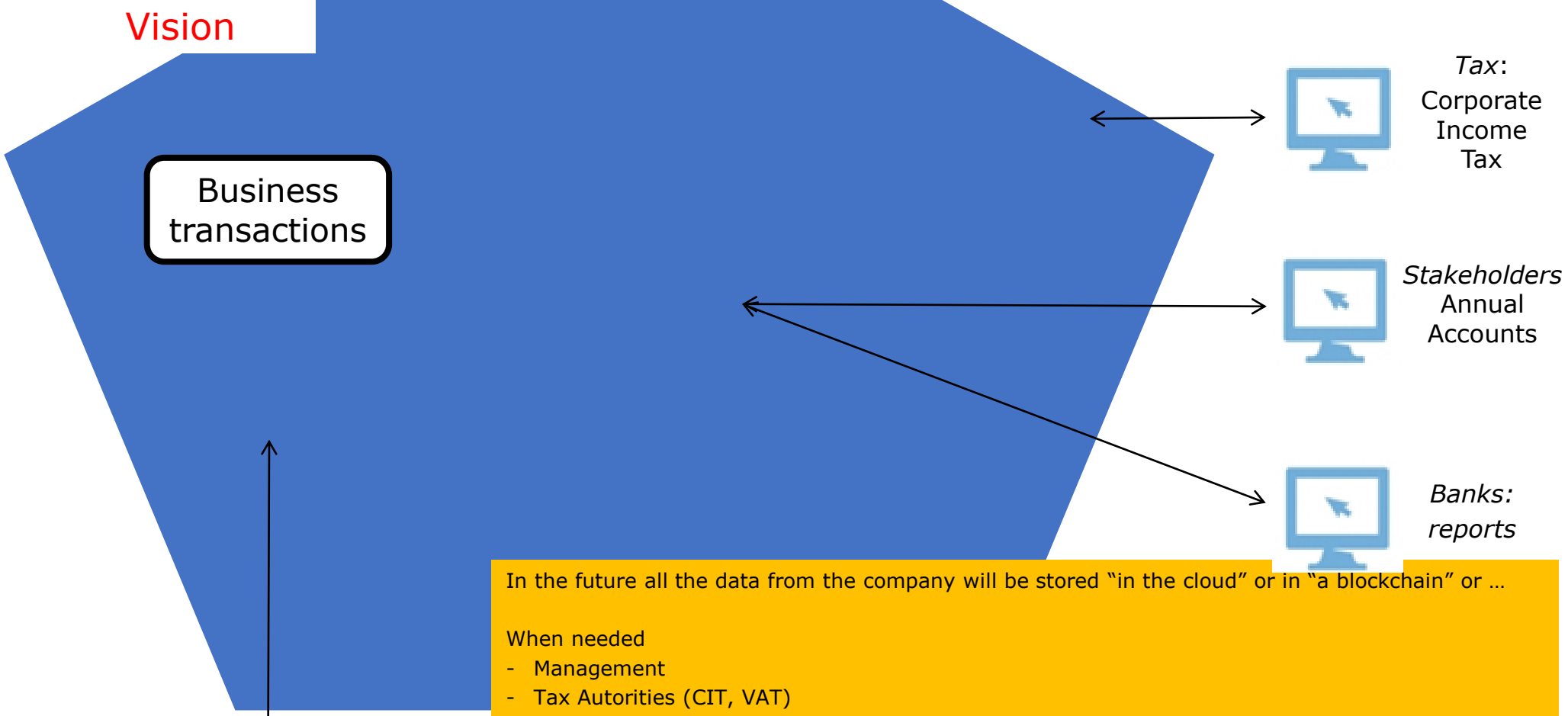


Figure 3:Timelines implementation of the Auditfile financial (XAF) in the Netherlands and the FEC in France

Vision



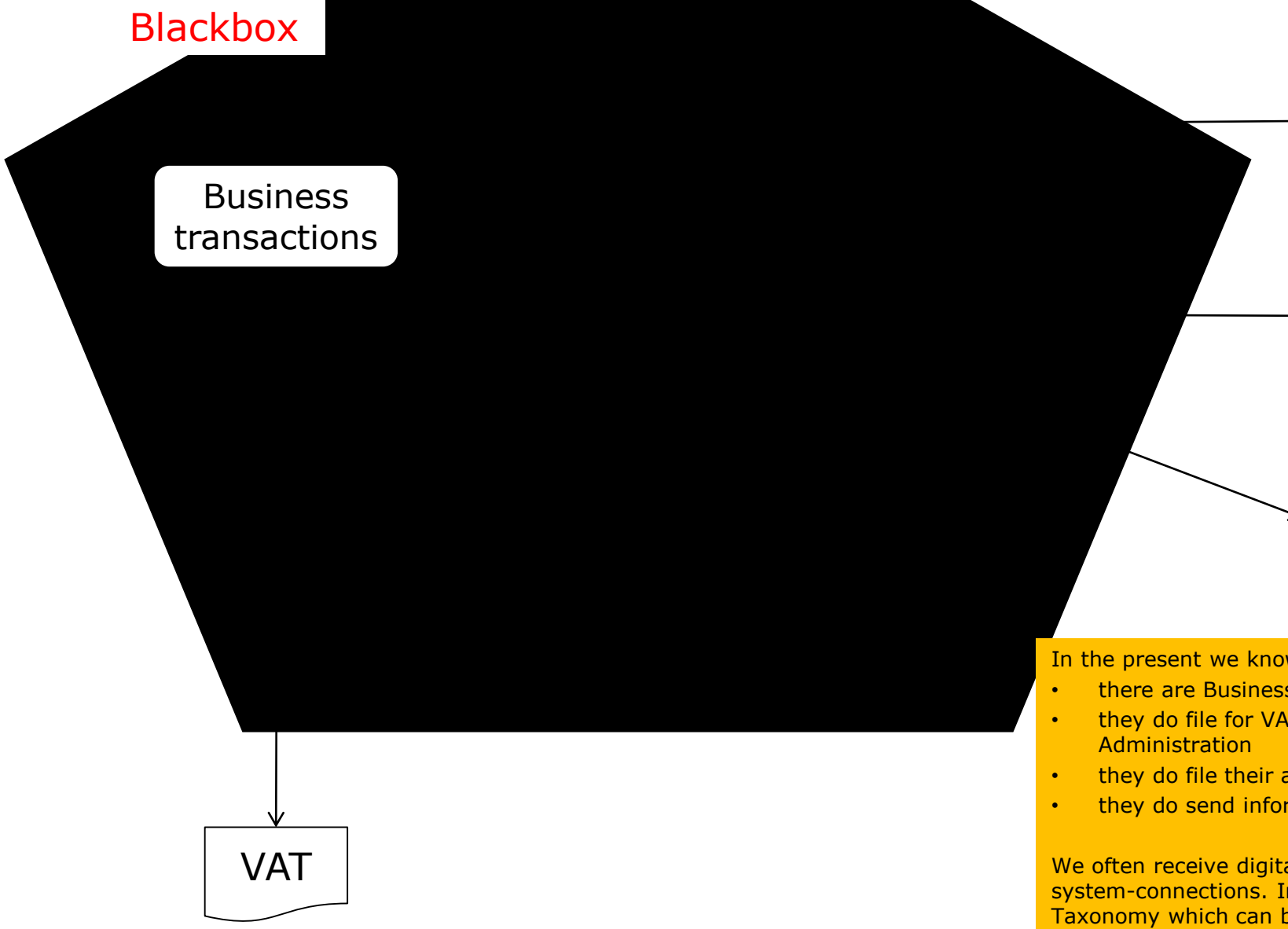
In the future all the data from the company will be stored "in the cloud" or in "a blockchain" or …

When needed
- Management
- Tax Autorities (CIT, VAT)
- Stakeholders (now using Annual Accounts)
- Banks (now asking all kind of data)

will be granted permission to review or collect the data when necessary

With Corporate Incomte Tax I will bth mean the Tax to be paid by companies as the tax to be paid by individuals

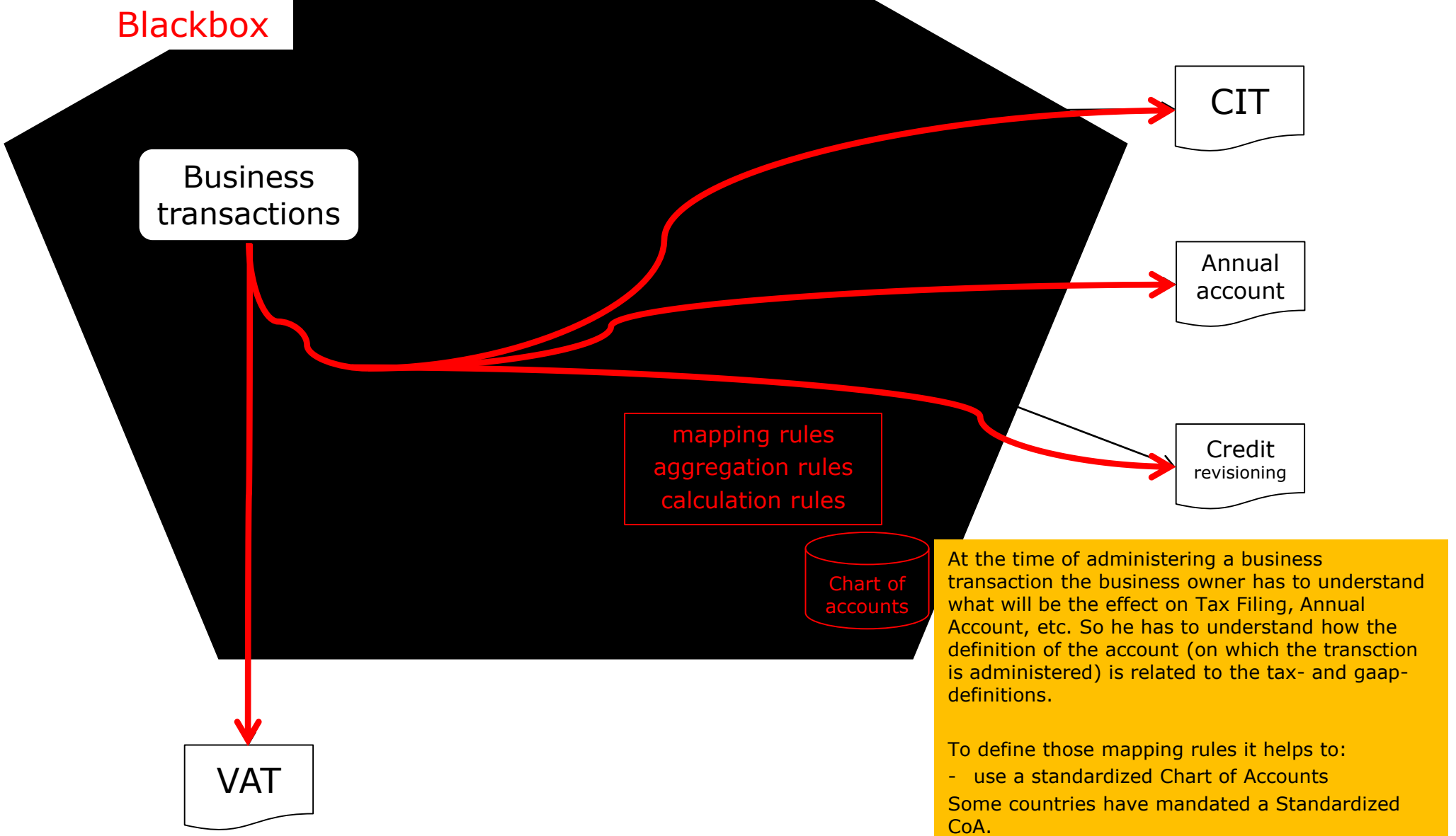
What will be necessary
- authorisation
- clear definition of the kind of (aggregated or detailed) data the external party is authorised for
- clear definition of the data of the company
- mapping rules between the two kind of data
- data analysis



In the present we know from many SME's that:

- there are Business Transactions
- they do file for VAT, CIT at the Tax Administration
- they do file their annual accounts
- they do send information to banks

We often receive digital filings through system-to-system-connections. In the Netherlands we have a Taxonomy which can be used for Tax Filings, Annual Accounts and Statistical Reports. The banks have made an extension on this Taxonomy and thereby use the same standards regarding the data and regarding the process of system-2-system interaction



At the time of administering a business transaction the business owner has to understand what will be the effect on Tax Filing, Annual Account, etc. So he has to understand how the definition of the account (on which the transction is administered) is related to the tax- and gaap-definitions.

To define those mapping rules it helps to:

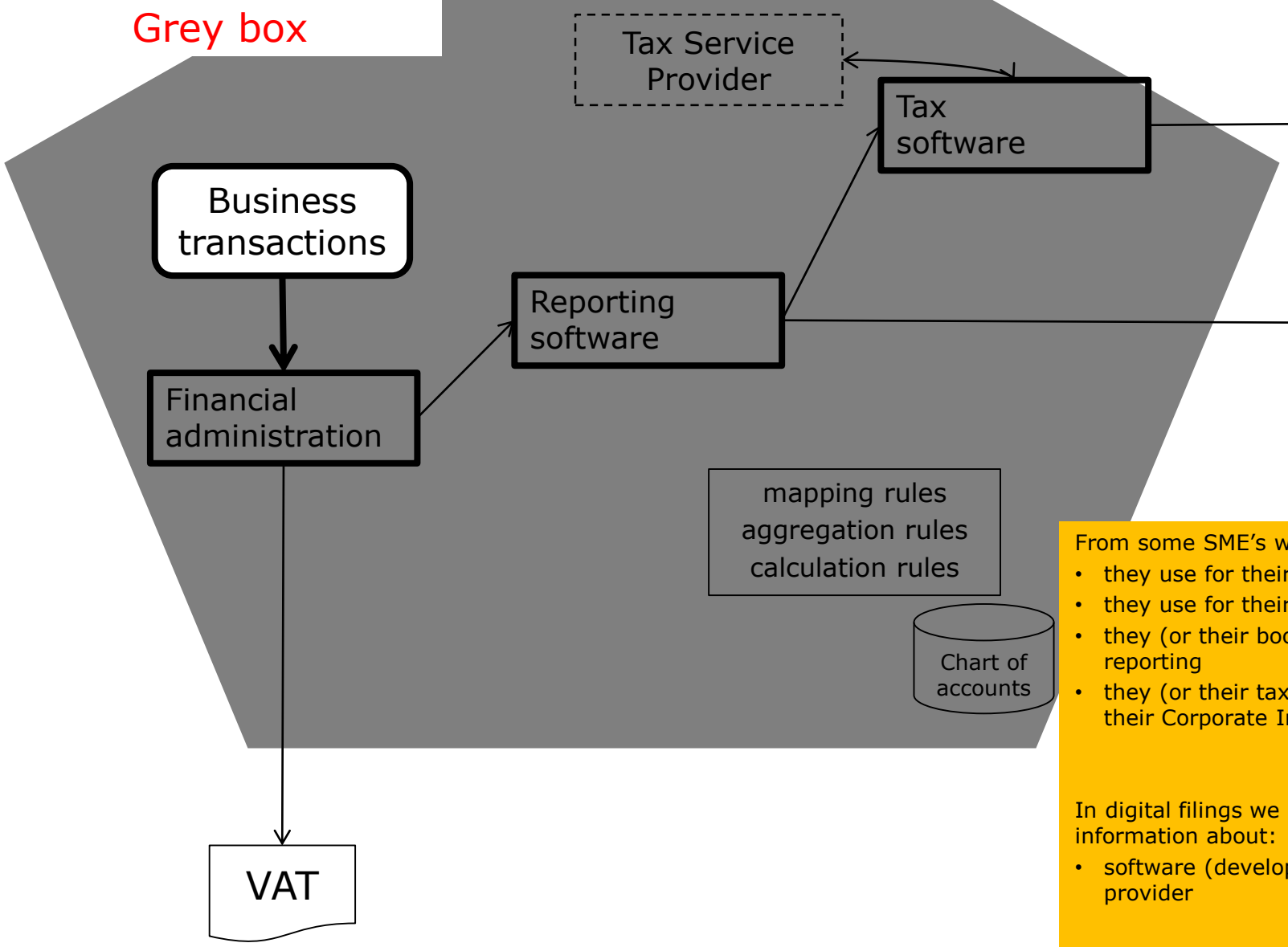
- use a standardized Chart of Accounts

Some countries have mandated a Standardized CoA.

The Netherlands are working on a Referential Chart of Accounts and give the companies the opportunity to use theit own CoA

On the long run it would be efficient to have a worldwide Referential CoA onto which local CoA can be mapped

Grey box

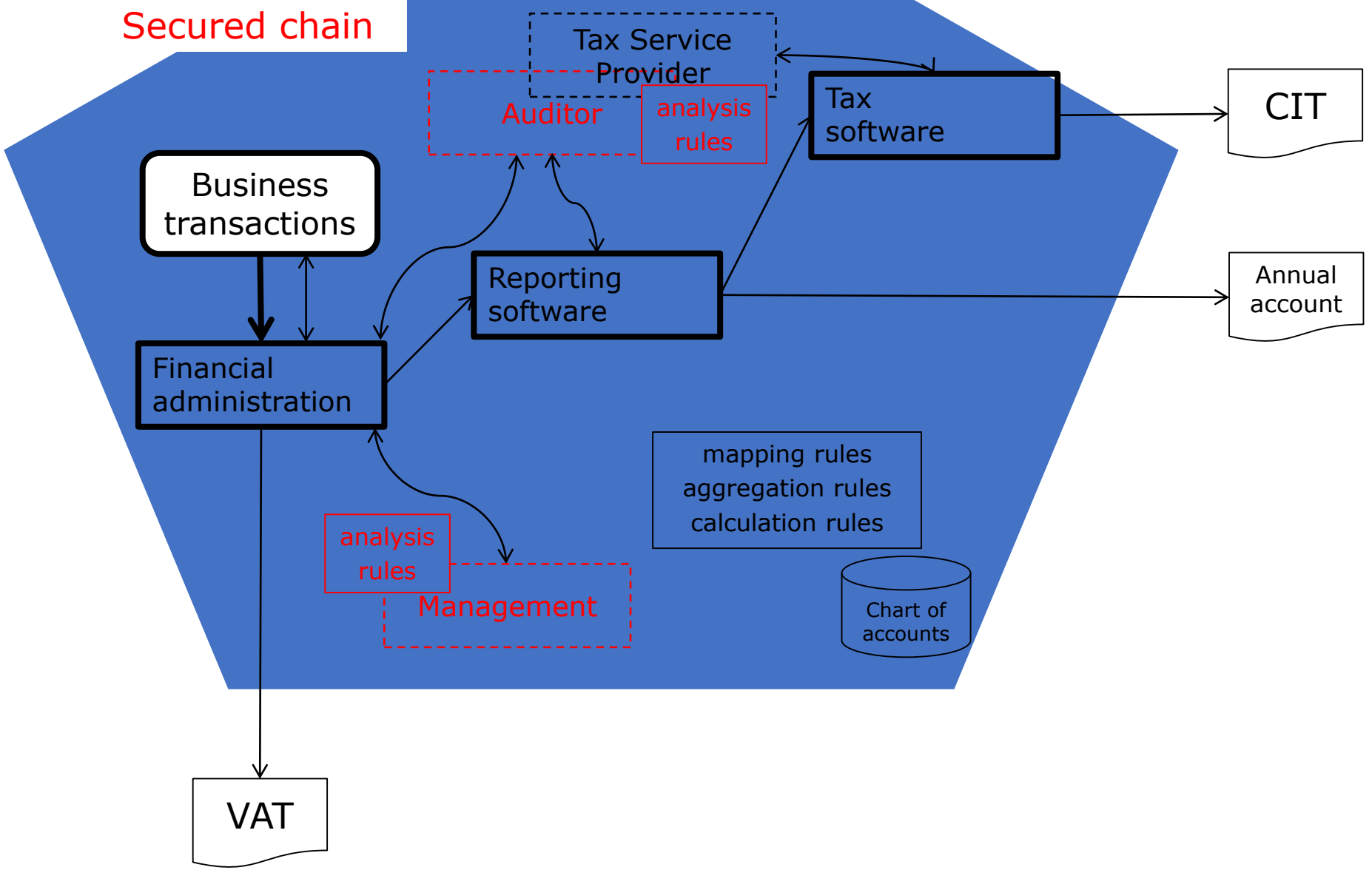


From some SME's we also know which software:

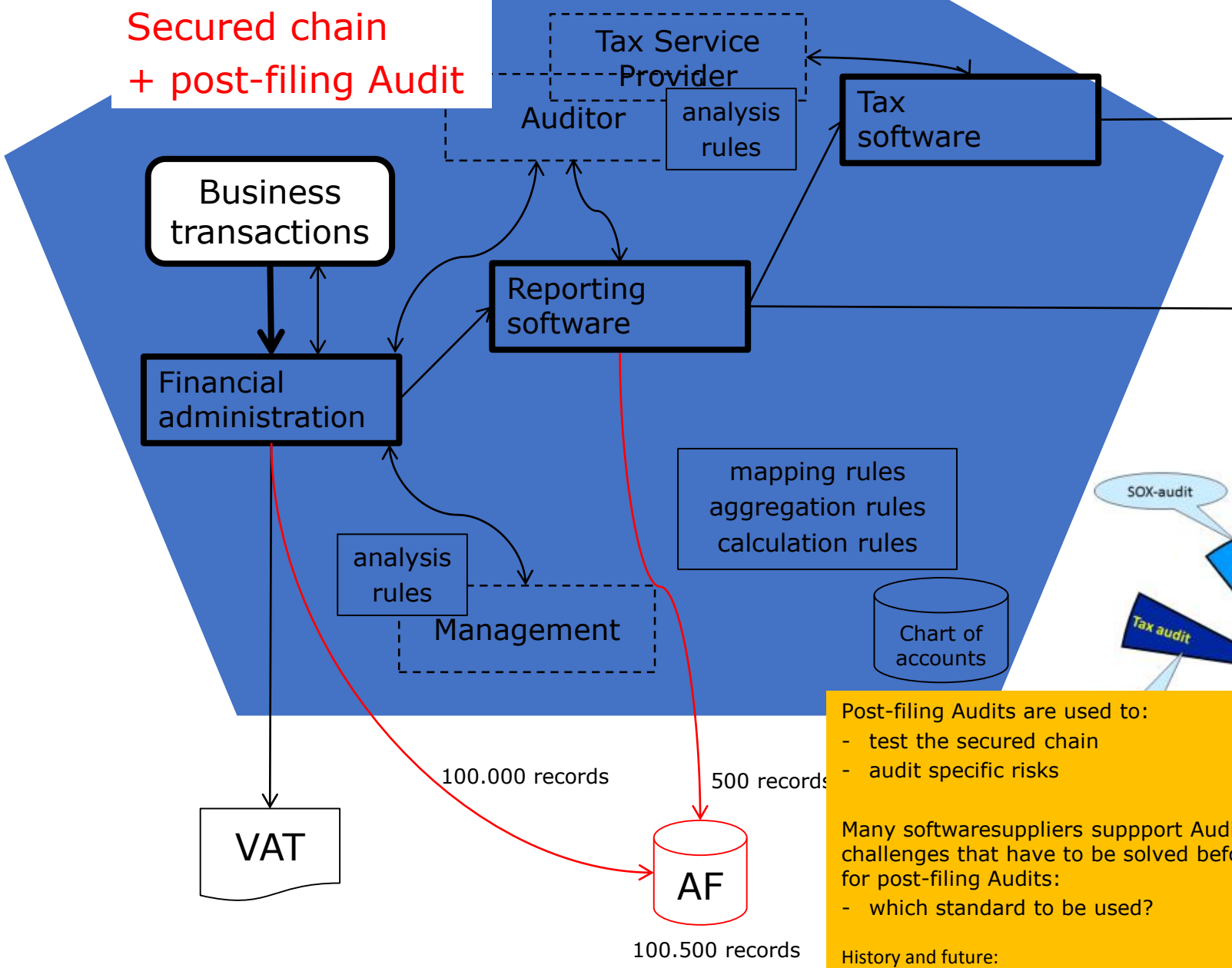
- they use for their businnes processes
- they use for their financial administration
- they (or their bookkeeper) use for their reporting
- they (or their tax services provider) use for their Corporate Income Tax or VAT

In digital filings we receive in the Netherlands information about:

- software (developer and version), tax-service-provider


Secured chain
Tax Service Provider
Auditor
analysis rules
Tax software
CIT
Business transactions
Reporting software
Annual account
Financial administration
mapping rules
aggregation rules
calculation rules
analysis rules
Management
Chart of accounts
VAT

Secured chain
+ post-filing Audit

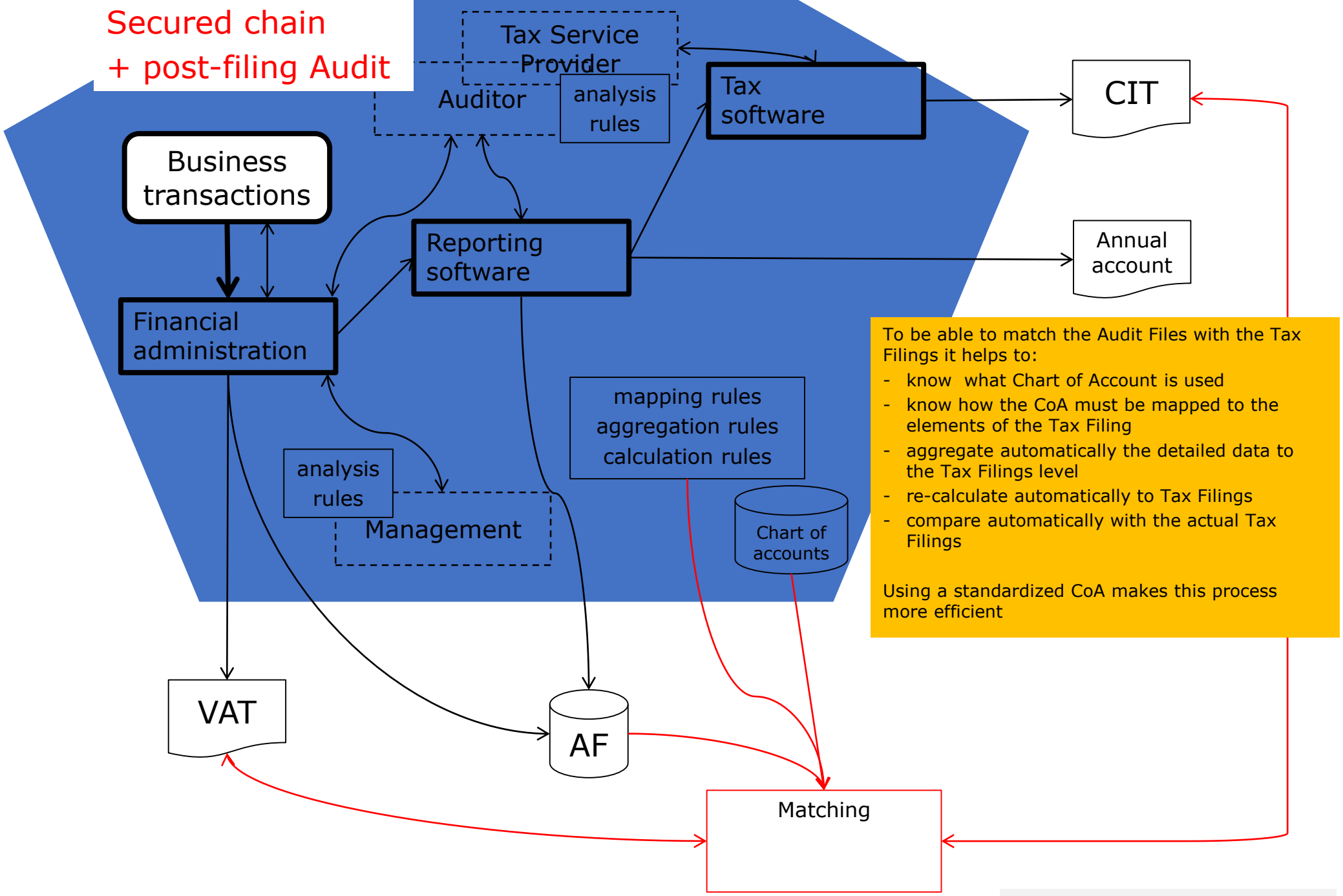


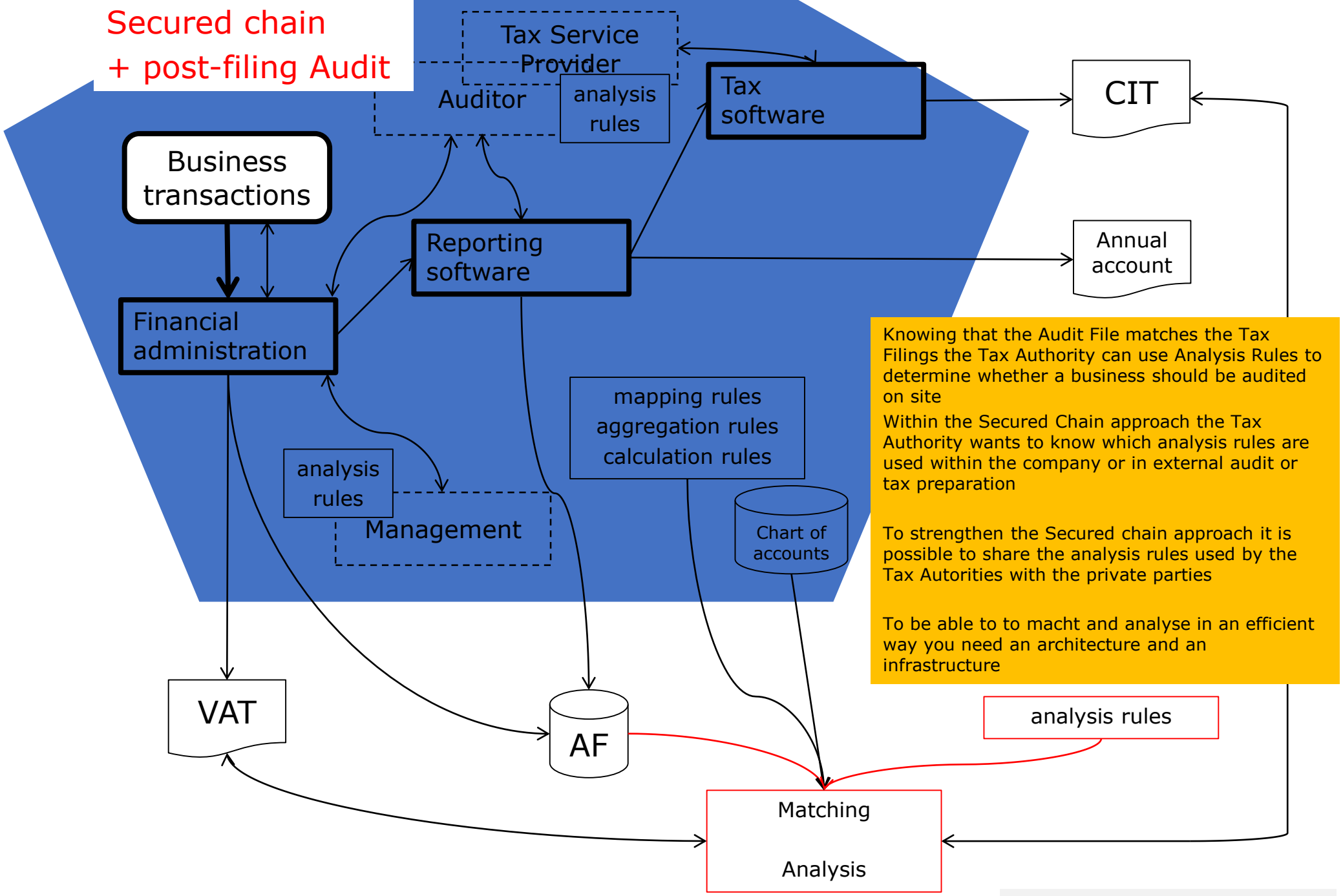
Post-filing Audits are used to:
- test the secured chain
- audit specific risks

Many softwaresuppliers suppport Audit Files, but there are also challenges that have to be solved before these Audit Files can be used for post-filing Audits:
- which standard to be used?

History and future:
2010: OECD Standard Audit File Tax
2014: NT XML Audit File 3.2
2015: ISO/PC 295 Audit Data Collection

- how do you know that the AF matches the VAT- and CIT-filings?


Secured chain
+ post-filing Audit
Tax Service Provider
Auditor
analysis rules
Tax software
CIT
Business transactions
Reporting software
Annual account
Financial administration
mapping rules
aggregation rules
calculation rules
analysis rules
Management
Chart of accounts
VAT
AF
Matching
To be able to match the Audit Files with the Tax Filings it helps to:
- know what Chart of Account is used
- know how the CoA must be mapped to the elements of the Tax Filing
- aggregate automatically the detailed data to the Tax Filings level
- re-calculate automatically to Tax Filings
- compare automatically with the actual Tax Filings
Using a standardized CoA makes this process more efficient


Secured chain
+ post-filing Audit
Tax Service Provider
Auditor
analysis rules
Tax software
CIT
Business transactions
Reporting software
Annual account
Financial administration
mapping rules
aggregation rules
calculation rules
analysis rules
Management
Chart of accounts
Knowing that the Audit File matches the Tax Filings the Tax Authority can use Analysis Rules to determine whether a business should be audited on site
Within the Secured Chain approach the Tax Authority wants to know which analysis rules are used within the company or in external audit or tax preparation
To strengthen the Secured chain approach it is possible to share the analysis rules used by the Tax Autorities with the private parties
To be able to to macht and analyse in an efficient way you need an architecture and an infrastructure
VAT
AF
analysis rules
Matching
Analysis

Black Box + post-filing Audit

Business transactions

CIT

In a black-box approach the Tax Auditor has to be able to match the records in the Audit Files with the Tax Filings. So here you als need the rules and the CoA for matching and the Analysis rules for further analysis

mapping rules
aggregation rules
calculation rules

Chart of accounts

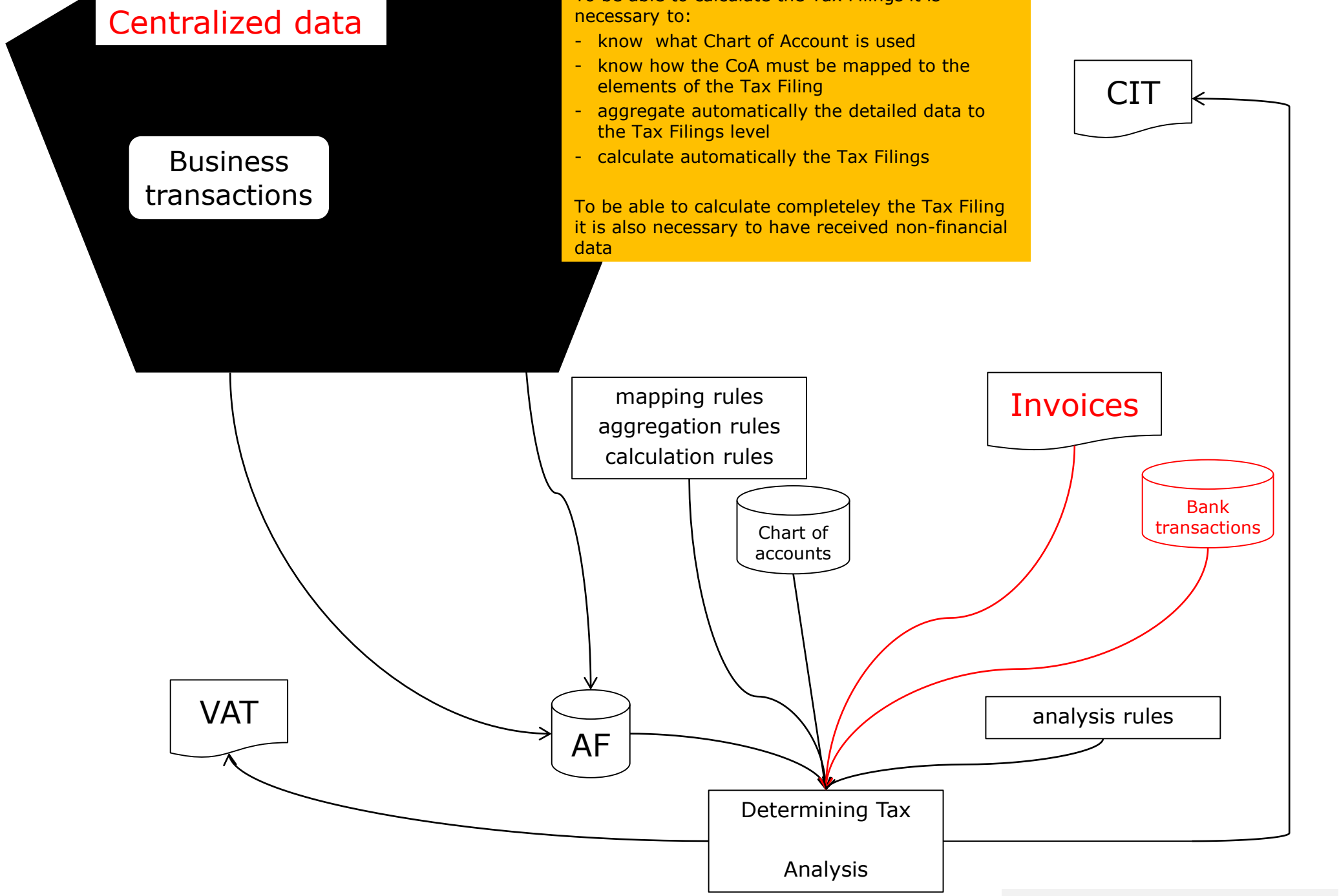
VAT

AF

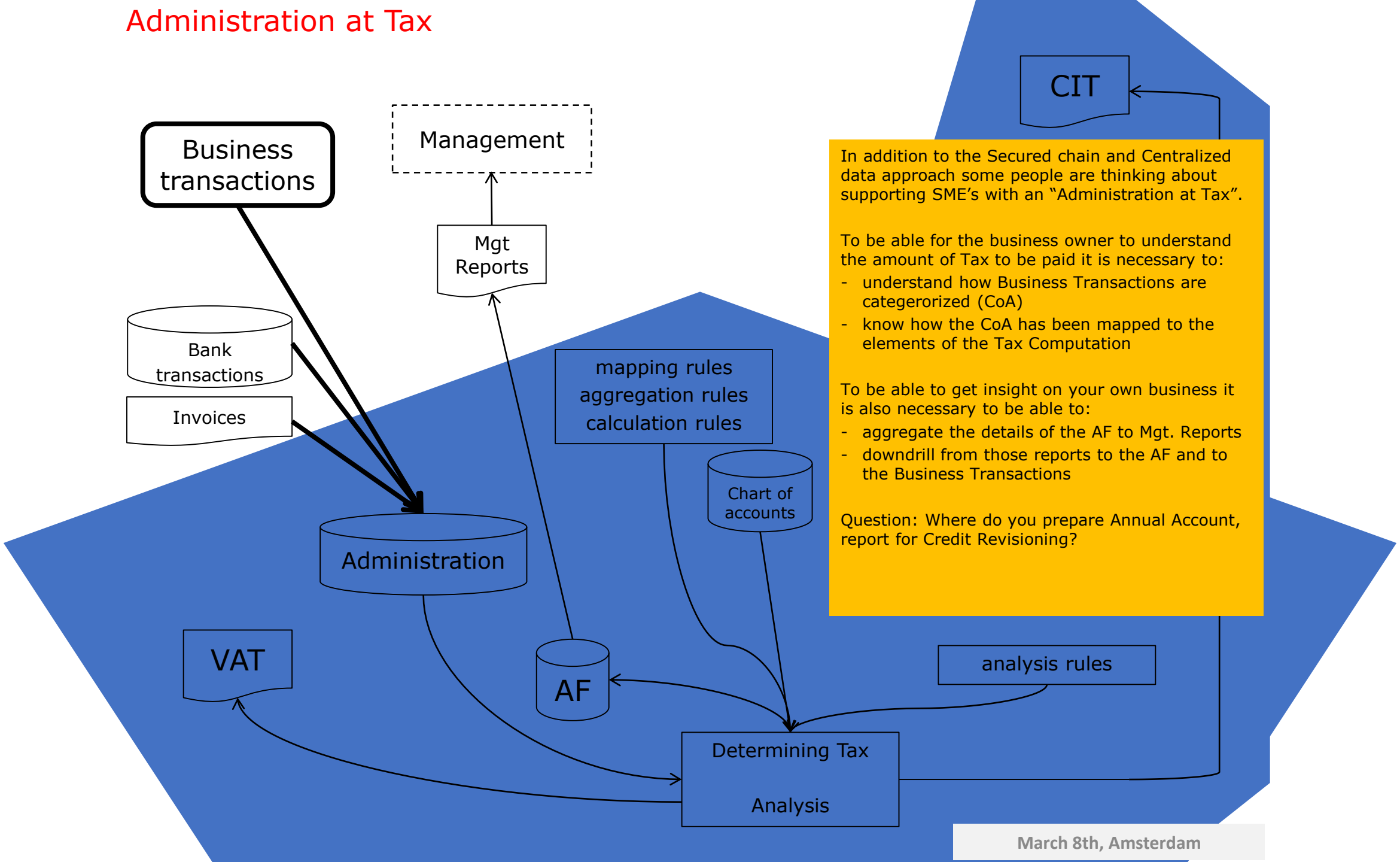
analysis rules

Matching

Analysis


Centralized data
Business transactions
To be able to calculate the Tax Filings it is necessary to:
- know what Chart of Account is used
- know how the CoA must be mapped to the elements of the Tax Filing
- aggregate automatically the detailed data to the Tax Filings level
- calculate automatically the Tax Filings
To be able to calculate completeley the Tax Filing it is also necessary to have received non-financial data
CIT
mapping rules
aggregation rules
calculation rules
Invoices
Chart of accounts
Bank transactions
VAT
AF
analysis rules
Determining Tax
Analysis

Administration at Tax



In addition to the Secured chain and Centralized data approach some people are thinking about supporting SME's with an "Administration at Tax".

To be able for the business owner to understand the amount of Tax to be paid it is necessary to:

- understand how Business Transactions are categerorized (CoA)
- know how the CoA has been mapped to the elements of the Tax Computation

To be able to get insight on your own business it is also necessary to be able to:

- aggregate the details of the AF to Mgt. Reports
- downdrill from those reports to the AF and to the Business Transactions

Question: Where do you prepare Annual Account, report for Credit Revisioning?

Conclusion

Recognizing 4 types of information flows:

- black or grey-box + post-filing audits
- secured chain approach + post-filing audits
- centralized data approach
- administration at Tax

it is always necessary (or efficient) to have a:

- standardized structure of (detailed) financial data (chart of accounts)
- standardized exchange of detailed financial data (audit file)
- standardized external reports (IFRS, VAT)
- mapping between the CoA and the aggregated data in external reports
- standardized analysis of the audit file

Topics for discussion

- Do you use Audit Files in your country?
  - which standard (OECD-SAF-T, Local)
  - by which parties
  - mandatory/voluntarily.
- Is your country involved in the ISO-project: Audit Data Collection?

What do we ask from you?

- Help us by asking questions and giving answers
- Inform us by answering the survey and reacting on the issue papers
- Work with us by joining the Working Group
- You can find us at http://www.xbrleurope.org/?page_id=391